

ALLIANCE BANK MALAYSIA BERHAD

198201008390 (88103-W)

(Incorporated in Malaysia)

Condensed Interim Financial Statements

Unaudited Statements of Financial Position as at 31 December 2020

	Note	GROUP		BANK	
		31 December 2020 RM'000	31 March 2020 RM'000	31 December 2020 RM'000	31 March 2020 RM'000
ASSETS					
Cash and short-term funds		2,439,455	3,119,214	1,683,292	2,488,527
Deposits and placements with banks and other financial institutions		241,026	-	271,030	-
Amounts due from clients and brokers	A11	89,441	51,165	-	-
Financial assets at fair value through profit or loss	A12	288,195	650,114	218,001	585,722
Financial investments at fair value through other comprehensive income	A13	10,158,593	11,544,507	6,894,926	8,426,778
Financial investments at amortised cost	A14	1,940,644	121,299	1,963,487	170,405
Derivative financial assets	B11	274,851	436,910	274,851	436,910
Loans, advances and financing	A15	42,350,532	43,110,007	31,878,604	32,207,545
Other assets	A16	265,356	262,622	298,899	266,770
Tax recoverable		82,427	70,834	39,874	38,789
Statutory deposits		85,540	949,049	55,952	700,355
Investments in subsidiaries		-	-	1,109,102	909,102
Investment in joint venture		976	903	-	-
Right-of-use assets		124,725	129,139	124,697	129,077
Property, plant and equipment		55,557	64,486	54,644	63,448
Deferred tax assets		13,897	28,125	-	14,074
Intangible assets		437,357	437,086	333,797	332,680
TOTAL ASSETS		58,848,572	60,975,460	45,201,156	46,770,182
LIABILITIES AND EQUITY					
Deposits from customers	A17	46,081,015	48,425,852	34,407,647	36,702,989
Deposits and placements of banks and other financial institutions	A18	1,303,982	1,543,646	720,447	733,564
Amounts due to clients and brokers	A19	39,363	22,292	-	-
Financial liabilities designated at fair value through profit or loss	A20	425,455	427,085	425,455	427,085
Obligations on securities sold under repurchase agreements		-	369,469	-	221,387
Derivative financial liabilities	B11	285,302	348,877	285,302	348,877
Recourse obligations on loans and financing sold to Cagamas		800,690	800,695	300,095	300,053
Lease liabilities		128,090	130,223	128,057	130,150
Other liabilities	A21	1,714,418	1,388,066	1,694,430	1,253,186
Provision for zakat		448	1,245	-	-
Provision for taxation		8,650	-	-	-
Deferred tax liabilities		60,462	8,379	32,953	-
Subordinated obligations		1,561,984	1,520,637	1,459,708	1,480,254
TOTAL LIABILITIES		52,409,859	54,986,466	39,454,094	41,597,545
Share capital		1,548,106	1,548,106	1,548,106	1,548,106
Reserves		4,890,607	4,440,888	4,198,956	3,624,531
TOTAL EQUITY		6,438,713	5,988,994	5,747,062	5,172,637
TOTAL LIABILITIES AND EQUITY		58,848,572	60,975,460	45,201,156	46,770,182
COMMITMENTS AND CONTINGENCIES	A30	32,725,495	36,971,704	29,541,082	34,144,629
Net assets per share attributable to equity holders of the Bank (RM)*		4.16	3.87	3.71	3.34

* The net assets per share attributable to Equity holders of the Bank is computed as total capital and reserves attributable to the equity holders of the Bank divided by total number of ordinary shares in circulation.

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 March 2020.

ALLIANCE BANK MALAYSIA BERHAD
198201008390 (88103-W)

(Incorporated in Malaysia)

**Condensed Interim Financial Statements
Unaudited Consolidated Statements of Income
for the Financial Period Ended 31 December 2020**

	Note	3rd Quarter Ended		Nine Months Ended	
		31 December 2020 RM'000	31 December 2019 RM'000	31 December 2020 RM'000	31 December 2019 RM'000
GROUP					
Interest income	A22	429,122	515,303	1,370,432	1,554,158
Interest expense	A23	(175,934)	(275,011)	(621,111)	(827,784)
Net interest income		253,188	240,292	749,321	726,374
Net income from Islamic banking business	A24	93,189	100,877	280,801	285,870
		346,377	341,169	1,030,122	1,012,244
Fee and commission income	A25	83,989	71,326	231,202	209,535
Fee and commission expense	A25	(30,375)	(21,702)	(82,038)	(64,992)
Investment income	A25	88,509	35,324	226,346	82,175
Other income	A25	(12,801)	(3,650)	(33,879)	15,949
Other operating income	A25	129,322	81,298	341,631	242,667
Net income		475,699	422,467	1,371,753	1,254,911
Other operating expenses	A26	(191,179)	(209,328)	(568,523)	(601,607)
Operating profit before allowances		284,520	213,139	803,230	653,304
Allowance for expected credit losses on loans, advances and financing and other financial assets	A27	(150,785)	(41,860)	(396,335)	(174,845)
Write-back of/(allowance for) expected credit losses on financial investments	A28	256	10,352	(205)	(37,404)
Allowance for impairment losses on non-financial assets	A29	-	-	-	(3,686)
Operating profit after allowances		133,991	181,631	406,690	437,369
Share of results of joint venture		20	35	73	84
Profit before taxation		134,011	181,666	406,763	437,453
Taxation	B6	(33,554)	(47,669)	(98,050)	(111,247)
Net profit for the financial period		100,457	133,997	308,713	326,206
Net profit for the financial period attributable to:					
Equity holders of the Bank		100,457	133,997	308,713	326,206
Earnings per share attributable to Equity holders of the Bank					
- Basic (sen)	B14(a)	6.5	8.7	19.9	21.1
- Diluted (sen)	B14(b)	6.5	8.7	19.9	21.1

ALLIANCE BANK MALAYSIA BERHAD**198201008390 (88103-W)**

(Incorporated in Malaysia)

**Condensed Interim Financial Statements
Unaudited Consolidated Statements of Comprehensive Income
for the Financial Period Ended 31 December 2020**

	3rd Quarter Ended		Nine Months Ended	
	31 December	31 December	31 December	31 December
	2020	2019	2020	2019
<u>GROUP</u>	RM'000	RM'000	RM'000	RM'000
Net profit for the financial period	100,457	133,997	308,713	326,206
Other comprehensive (expense)/income:				
Items that may be reclassified subsequently to profit or loss:				
Revaluation reserve on financial investments at fair value through other comprehensive income ("FVOCI")				
- Net (loss)/gain from change in fair value	(42,660)	(698)	276,373	143,379
- Realised gain transferred to statement of income on disposal	(57,211)	(2,824)	(91,091)	(16,999)
- Transfer from/(to) deferred tax	23,969	845	(44,468)	(30,331)
- Changes in expected credit losses	(220)	(164)	192	(9,585)
Other comprehensive (expense)/income, net of tax	(76,122)	(2,841)	141,006	86,464
Total comprehensive income for the financial period	24,335	131,156	449,719	412,670
Total comprehensive income for the financial period attributable to:				
Equity holders of the Bank	24,335	131,156	449,719	412,670

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 March 2020.

ALLIANCE BANK MALAYSIA BERHAD**198201008390 (88103-W)**

(Incorporated in Malaysia)

Condensed Interim Financial Statements
Unaudited Statements of Income
for the Financial Period Ended 31 December 2020

	Note	3rd Quarter Ended		Nine Months Ended	
		31 December 2020 RM'000	31 December 2019 RM'000	31 December 2020 RM'000	31 December 2019 RM'000
<u>BANK</u>					
Interest income	A22	416,380	506,583	1,333,070	1,521,213
Interest expense	A23	(173,108)	(264,358)	(608,621)	(794,124)
Net interest income		243,272	242,225	724,449	727,089
Fee and commission income	A25	63,426	63,082	173,045	184,241
Fee and commission expense	A25	(21,877)	(19,794)	(59,698)	(59,376)
Investment income	A25	308,302	55,011	447,127	121,495
Other income	A25	(12,894)	(3,379)	(33,894)	16,870
Other operating income	A25	336,957	94,920	526,580	263,230
Net income		580,229	337,145	1,251,029	990,319
Other operating expenses	A26	(149,554)	(162,298)	(441,437)	(465,360)
Operating profit before allowances		430,675	174,847	809,592	524,959
Allowance for expected credit losses on loans, advances and financing and other financial assets	A27	(78,034)	(18,185)	(240,550)	(108,864)
Write-back of/(allowance for) expected credit losses on financial investments	A28	241	456	(173)	(23,341)
Profit before taxation		352,882	157,118	568,869	392,754
Taxation	B6	(31,382)	(36,443)	(80,606)	(87,728)
Net profit for the financial period		321,500	120,675	488,263	305,026
Net profit for the financial period attributable to:					
Equity holders of the Bank		321,500	120,675	488,263	305,026
Earnings per share attributable to Equity holders of the Bank					
- Basic (sen)	B14(a)	20.8	7.8	31.5	19.7
- Diluted (sen)	B14(b)	20.8	7.8	31.5	19.7

ALLIANCE BANK MALAYSIA BERHAD**198201008390 (88103-W)**

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**Condensed Interim Financial Statements
Unaudited Statements of Comprehensive Income
for the Financial Period Ended 31 December 2020**

	3rd Quarter Ended		Nine Months Ended	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
<u>BANK</u>	RM'000	RM'000	RM'000	RM'000
Net profit for the financial period	321,500	120,675	488,263	305,026
Other comprehensive (expense)/income:				
Items that may be reclassified subsequently to profit or loss:				
Revaluation reserve on financial investments at FVOCI				
- Net (loss)/gain from change in fair value	(31,643)	3,710	181,199	89,261
- Realised gain transferred to statement of income on disposal	(35,026)	(3,285)	(67,923)	(13,767)
- Transfer from/(to) deferred tax	16,001	(102)	(27,186)	(18,119)
- Changes in expected credit losses	(138)	(114)	72	(134)
Other comprehensive (expense)/income, net of tax	(50,806)	209	86,162	57,241
Total comprehensive income for the financial period	270,694	120,884	574,425	362,267
Total comprehensive income for the financial period attributable to:				
Equity holders of the Bank	270,694	120,884	574,425	362,267

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 March 2020.

ALLIANCE BANK MALAYSIA BERHAD
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Condensed Interim Financial Statements

Unaudited Consolidated Statements of Changes in Equity for the Financial Period Ended 31 December 2020

GROUP	←----- Attributable to Equity holders of the Bank -----→					
	Ordinary shares	Regulatory reserves	Capital reserves	FVOCI reserves	Retained profits	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 April 2020	1,548,106	224,579	100,150	141,312	3,974,847	5,988,994
Net profit for the financial period	-	-	-	-	308,713	308,713
Other comprehensive income	-	-	-	141,006	-	141,006
Total comprehensive income for the financial period	-	-	-	141,006	308,713	449,719
Transfer from regulatory reserves	-	(72,954)	-	-	72,954	-
At 31 December 2020	1,548,106	151,625	100,150	282,318	4,356,514	6,438,713
At 1 April 2019						
As previously stated	1,548,106	178,397	100,150	78,513	3,827,676	5,732,842
Effects of adoption of MFRS 16	-	-	-	-	(9,521)	(9,521)
As restated	1,548,106	178,397	100,150	78,513	3,818,155	5,723,321
Net profit for the financial period	-	-	-	-	326,206	326,206
Other comprehensive income	-	-	-	86,464	-	86,464
Total comprehensive income for the financial period	-	-	-	86,464	326,206	412,670
Transfer to regulatory reserves	-	56,315	-	-	(56,315)	-
Liquidation of subsidiaries	-	-	-	-	(1,553)	(1,553)
Dividends paid to shareholders	-	-	-	-	(219,831)	(219,831)
At 31 December 2019	1,548,106	234,712	100,150	164,977	3,866,662	5,914,607

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 March 2020.

Condensed Interim Financial Statements

Unaudited Statements of Changes in Equity for the Financial Period Ended 31 December 2020 (Contd.)

	← Non-Distributable reserves →				Distributable reserves	
	Ordinary shares RM'000	Regulatory reserves RM'000	Capital reserves RM'000	FVOCI reserves RM'000	Retained profits RM'000	Total equity RM'000
<u>BANK</u>						
At 1 April 2020	1,548,106	182,292	15,515	79,834	3,346,890	5,172,637
Net profit for the financial period	-	-	-	-	488,263	488,263
Other comprehensive income	-	-	-	86,162	-	86,162
Total comprehensive income for the financial period	-	-	-	86,162	488,263	574,425
Transfer from regulatory reserves	-	(40,501)	-	-	40,501	-
At 31 December 2020	1,548,106	141,791	15,515	165,996	3,875,654	5,747,062
At 1 April 2019						
As previously stated	1,548,106	160,798	95,515	36,831	3,128,589	4,969,839
Effects of adoption of MFRS 16	-	-	-	-	(9,508)	(9,508)
As restated	1,548,106	160,798	95,515	36,831	3,119,081	4,960,331
Net profit for the financial period	-	-	-	-	305,026	305,026
Other comprehensive income	-	-	-	57,241	-	57,241
Total comprehensive income for the financial period	-	-	-	57,241	305,026	362,267
Transfer to regulatory reserves	-	43,746	-	-	(43,746)	-
Return to capital from a subsidiary	-	-	(80,000)	-	80,000	-
Dividends paid to shareholders	-	-	-	-	(219,831)	(219,831)
At 31 December 2019	1,548,106	204,544	15,515	94,072	3,240,530	5,102,767

ALLIANCE BANK MALAYSIA BERHAD
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Condensed Interim Financial Statements
Unaudited Condensed Statements of Cash Flows for the Financial Period Ended 31 December 2020

	<u>GROUP</u>		<u>BANK</u>	
	31 December 2020 RM'000	31 December 2019 RM'000	31 December 2020 RM'000	31 December 2019 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation	406,763	437,453	568,869	392,754
Adjustments for:				
Accretion of discount less amortisation of premium of financial investments	(11,389)	(63,448)	(11,431)	(64,600)
Allowance for expected credit losses on loans, advances and financing	371,998	185,571	229,807	120,911
Allowance for/(write-back of) expected credit losses on commitment and contingencies on loans, advances and financing	16,629	(3,417)	6,968	(3,928)
Allowance for expected credit losses on financial investments	205	37,404	173	23,341
Write-back of expected credit losses on amounts due from clients and brokers	(3)	-	-	-
Allowance for expected credit losses on other receivables	1,510	2,927	1,262	2,730
Allowance for/(write-back of) expected credit losses on short term funds	9	(37)	9	(37)
Allowance for impairment losses on non-financial assets	-	3,686	-	-
Amortisation of computer software	31,092	27,319	29,958	26,200
Depreciation of property, plant and equipment	15,766	17,558	15,425	17,127
Depreciation of right-of-use assets	19,045	18,598	19,012	18,564
Dividends from financial assets at fair value through profit or loss	(1,480)	(4,419)	(931)	(2,668)
Dividends from subsidiaries	-	-	(238,929)	(48,031)
Interest expense on lease liabilities	5,098	5,626	5,096	5,622
Interest expense on subordinated obligations	61,666	63,489	61,879	63,644
Interest expense on recourse obligations on loans and financing sold to Cagamas	10,239	10,238	10,239	10,238
Interest income from financial investments at amortised cost	(21,813)	(5,617)	(27,200)	(9,881)
Interest income from financial investments at fair value through other comprehensive income	(246,470)	(236,419)	(221,000)	(218,515)
Computer software written-off	-	4,391	-	4,391
Property, plant and equipment written-off	76	161	76	94
Net gain from sale of financial assets at fair value through profit or loss	(12,406)	(8,511)	(12,406)	(8,391)
Net gain from sale of financial investments at fair value through other comprehensive income	(79,720)	(16,999)	(67,923)	(13,767)
Net loss from sale of financial investments at amortised cost	150	-	150	-
Net loss/(gain) from sale of other investments	5	(5)	5	(5)
Unrealised loss arising from derivative instruments	90,573	8,999	90,573	8,999
Unrealised gain arising from financial assets at fair value through profit or loss	(29,587)	(22,923)	(23,785)	(19,315)
Unrealised loss arising from financial liabilities designated at fair value through profit or loss	8,177	29,588	8,177	29,588
Share of results of joint venture	(73)	(84)	-	-
Zakat	549	39	-	-
Cash flow from operating activities before working capital changes carried forward	636,609	491,168	444,073	335,065

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Condensed Interim Financial Statements**Unaudited Condensed Statements of Cash Flows for the Financial Period Ended 31 December 2020 (Contd.)**

	GROUP		BANK	
	31 December 2020 RM'000	31 December 2019 RM'000	31 December 2020 RM'000	31 December 2019 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES (contd.)				
Cash flow from operating activities before working capital changes brought forward:	636,609	491,168	444,073	335,065
Changes in working capital:				
Amounts due (from)/to clients and brokers	(21,205)	2,256	-	-
Deposits from customers	(2,344,837)	1,628,837	(2,295,342)	419,666
Deposits and placements of banks and other financial institutions	(239,663)	692,067	(13,117)	453,522
Deposits and placements with banks and other financial institutions	(241,026)	500	(271,030)	-
Financial liabilities designated at fair value through profit or loss	(9,807)	(480,252)	(9,807)	(480,252)
Proceeds from redemption/disposal of financial assets at fair value through profit or loss (net of purchase)	392,977	(707,239)	392,977	(707,359)
Loans, advances and financing	387,478	(920,274)	99,133	(62,263)
Other assets	(4,873)	11,450	(32,950)	128,441
Other liabilities	309,723	(246,486)	434,276	(244,314)
Obligations on securities sold under repurchase agreements	(369,469)	-	(221,387)	-
Statutory deposits	863,509	123,445	644,403	112,240
Cash generated from operations	(640,584)	595,472	(828,771)	(45,254)
Taxation paid	(79,152)	(128,353)	(61,852)	(92,964)
Zakat paid	(247)	(158)	-	-
Net cash (used in)/generated from operating activities	(719,983)	466,961	(890,623)	(138,218)
CASH FLOWS FROM INVESTING ACTIVITIES				
Dividends from financial assets at fair value through profit or loss	1,480	4,419	931	2,668
Dividends from subsidiaries	-	-	238,929	48,031
Capital injection into subsidiaries	-	-	(200,000)	-
Interest received/(paid) from financial assets at fair value through profit or loss	10,935	(1,982)	10,935	(1,982)
Interest received from financial investments at fair value through other comprehensive income	271,471	239,903	244,142	222,816
Interest received from financial investments at amortised costs	6,049	4,396	12,354	8,999
Net cash flow from subsidiaries	-	(383)	-	80,000
Net changes for derivative instruments	7,911	(18,376)	7,911	(18,376)
Purchase of computer software	(31,363)	(34,946)	(31,075)	(34,241)
Purchase of property, plant and equipment	(6,913)	(18,620)	(6,694)	(18,284)
Purchase of:				
- financial investments at fair value through other comprehensive income	(2,195,155)	(2,275,724)	(2,167,995)	(1,950,724)
- financial investments at amortised cost	(1,973,395)	-	(1,800,387)	-
Proceed from redemption/disposal of:				
- financial investments at fair value through other comprehensive income	3,807,748	1,304,298	3,844,625	1,499,844
- financial investments at amortised cost	194,341	91,183	46,606	111,675
Net cash generated from/(used in) investing activities	93,109	(705,832)	200,282	(49,574)

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Condensed Interim Financial Statements**Unaudited Condensed Statements of Cash Flows for the Financial Period Ended 31 December 2020 (Contd.)**

	GROUP		BANK	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividends paid to shareholders of the company	-	(219,831)	-	(219,831)
Interest paid on subordinated obligations	(79,495)	(80,579)	(81,014)	(81,107)
Interest paid on recourse obligations on loans and financing sold to Cagamas	(10,244)	(10,218)	(10,196)	(10,264)
Repayment of lease liabilities	(22,317)	(23,073)	(22,274)	(23,030)
Proceeds from issuance of subordinated notes	59,171	40,000	(1,410)	-
Net cash used in from financing activities	(52,885)	(293,701)	(114,894)	(334,232)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(679,759)	(532,572)	(805,235)	(522,024)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	3,119,214	1,804,734	2,488,527	1,571,995
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	2,439,455	1,272,162	1,683,292	1,049,971
Cash and cash equivalents comprise the following:				
Cash and short-term funds	2,439,455	1,272,162	1,683,292	1,049,971

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 March 2020.

Explanatory Notes

PART A - Explanatory Notes Pursuant to Malaysian Financial Reporting Standard ("MFRS") 134 and Guidelines on Financial Reporting Issued by Bank Negara Malaysia ("BNM")

A1 Basis of Preparation

The unaudited condensed interim financial statements for the third financial quarter and nine months ended 31 December 2020 have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss, financial investment at fair value through other comprehensive income, derivative financial instruments and financial liabilities designated at fair value through profit or loss that are measured at fair value.

The unaudited condensed interim financial statements have been prepared in accordance with MFRS 134 "Interim Financial Reporting" issued by the Malaysian Accounting Standards Board ("MASB"), Chapter 9.22 of Bursa Malaysia Securities Berhad's Listing Requirements and should be read in conjunction with the audited annual financial statements of the Group and the Bank for the financial year ended 31 March 2020. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group and Bank since the financial year ended 31 March 2020.

(a) The significant accounting policies and methods of computation applied in the unaudited condensed interim financial statements are consistent with those adopted in the most recent audited annual financial statements for the financial year ended 31 March 2020 and modified for the adoption of the following accounting standards applicable for financial periods beginning on or after 1 April 2020:

- Amendments to MFRS 3 "Definition of a Business"
- Amendments to MFRS 101 "Presentation of Financial Statements" and MFRS 108 "Accounting Policies, Changes in Accounting Estimates and Errors"
- Revised Conceptual Framework
- Amendments to MFRS 9, MFRS 139 and MFRS 7 "Interest Rate Benchmark Reform"

The adoption of the above standards, amendments to published standards and interpretations to existing standards are not expected to have any significant impact on the financial statements of the Group and the Bank.

The preparation of unaudited condensed interim financial statements in conformity with the Malaysian Financial Reporting Standards requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the unaudited condensed interim financial statements, and the reported amounts of revenues and expenses during the reported period. It also requires Directors to exercise their judgement in the process of applying the Group's and the Bank's accounting policies. Although these estimates and judgement are based on the Directors' best knowledge of current events and actions, actual results may differ.

(b) Measures to Assist Individuals, Small-Medium Enterprises ("SMEs") and Corporates Affected by COVID-19

On 24 March 2020, BNM had announced that banking institutions would grant a 6 months automatic moratorium on repayments of loans and financing from 1 April 2020 to all small and medium enterprises and individuals to alleviate the financial difficulties of customers impacted by the COVID-19 pandemic. The 6 months moratorium granted is applicable for loans denominated in Ringgit Malaysia (does not apply to credit card balances), that have not been in arrears for more than 90 days as at 1 April 2020.

Banking institutions will also facilitate requests by corporate customers to defer or restructure their loans or financing repayments in a way that will enable viable corporations to preserve jobs and resume economic activities when conditions stabilised and improved.

The moratorium should not automatically result in stage transfer under MFRS 9 in the absence of other factors relevant to the assessment.

A2 Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the annual financial statements for the financial year ended 31 March 2020 was not qualified.

A3 Seasonality or Cyclicity of Operations

The operations of the Group and the Bank were not materially affected by any seasonal or cyclical fluctuations during the third financial quarter and nine months ended 31 December 2020.

A4 Unusual Items Due to Their Nature, Size or Incidence

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group and the Bank during the third financial quarter and nine months ended 31 December 2020.

A5 Changes in Estimates

There were no material changes in estimates of amounts reported in prior financial years that have a material effect during the third financial quarter and nine months ended 31 December 2020.

A6 Issuance and Repayment of Debt and Equity Securities

There were no issuance nor repayment of debt and equity securities during the third financial quarter and nine months ended 31 December 2020 other than disclosed as below:

- (i) The Bank had fully redeemed its existing RM900.0 million and RM300.0 million Subordinated Medium Term Notes ("Sub-MTN") which were issued on 27 October 2015 and 18 December 2015 respectively under Sub-MTN Programme of RM2.0 billion in nominal value ("Sub-MTN Programme"); and
- (ii) The Bank had on 27 October 2020 completed the issuance of three (3) new tranches of Sub-MTNs totalling RM1.2 billion in nominal value pursuant to the Sub-MTN Programme. The details of the Sub-MTN Issuance are summarised as follows:

Nominal Amount	Tenure	Call Date	Coupon Rate
RM400.0 million	Ten (10)-years Non-Callable Five (5)-years	27 October 2025 and thereafter on every coupon payment date	3.60% p.a
RM350.0 million	Ten (12)-years Non-Callable Five (7)-years	27 October 2027 and thereafter on every coupon payment date	3.80% p.a
RM450.0 million	Ten (15)-years Non-Callable Five (10)-years	28 October 2030 and thereafter on every coupon payment date	4.05% p.a

The Sub-MTN issued will qualify as Basel III compliant Tier 2 capital of ABMB pursuant to Bank Negara Malaysia ("BNM")'s Capital Adequacy Framework (Capital Components). The approval from BNM for the Sub-MTN Issuance had been obtained on 29 July 2020 (subject to the terms and conditions contained therein).

A7 Dividend Paid

No dividend has been paid during the third financial quarter and nine months ended 31 December 2020.

A8 Significant Events

On 21 December 2020, the Bank has subscribed for 69,204,152 ordinary shares at an issue price of RM2.89 per share amounting to RM200,000,000 issued by its wholly owned subsidiary Alliance Islamic Bank Berhad.

A9 Material Events Subsequent to the End of the Financial Reporting Period

There were no material events subsequent to the end of financial reporting period that require disclosure or adjustment to the unaudited condensed interim financial statements.

A10 Related Party Transactions

All related party transactions within the Group and the Bank have been entered into in the normal course of business.

A11 Amounts Due From Clients And Brokers

	<u>GROUP</u>	
	31 December 2020 RM'000	31 March 2020 RM'000
Due from clients	85,898	51,168
Due from brokers	3,543	-
	<u>89,441</u>	<u>51,168</u>
Less: Allowance for expected credit losses	-	(3)
	<u><u>89,441</u></u>	<u><u>51,165</u></u>

These represent amounts receivable by Alliance Investment Bank Berhad ("AIBB") from non-margin clients and outstanding contracts entered into on behalf of clients where settlement via the Bursa Malaysia Securities Clearing Sdn. Bhd. has yet to be made.

AIBB's normal trade credit terms for non-margin clients is two (2) market days in accordance with the Bursa Malaysia Securities Berhad's ("Bursa") Fixed Delivery and Settlement System ("FDSS") trading rules.

The movements in allowance for expected credit losses are as follows:

<u>GROUP</u>	<u>Lifetime ECL</u>	
	31 December 2020 RM'000	31 March 2020 RM'000
At beginning of financial period/year	3	839
(Write-back of)/allowance made during the financial period/year (net)	(3)	3
Write-off during the financial period/year	-	(839)
At end of financial period/year	<u>-</u>	<u>3</u>

As at 31 December 2020, the Group's gross exposure of amounts due from clients and brokers that are credit impaired was at RM Nil (31 March 2020: RM20,000).

A12 Financial Assets at Fair Value Through Profit or Loss ("FVTPL")

	<u>GROUP</u>		<u>BANK</u>	
	31 December 2020 RM'000	31 March 2020 RM'000	31 December 2020 RM'000	31 March 2020 RM'000
At fair value				
<u>Money market instruments:</u>				
Malaysian Government securities	20,900	281,147	20,900	281,147
Malaysian Government investment issues	42,191	156,782	42,191	156,782
	<u>63,091</u>	<u>437,929</u>	<u>63,091</u>	<u>437,929</u>
<u>Unquoted securities:</u>				
Shares	225,104	202,160	154,910	137,768
Corporate bonds and sukuk	-	10,025	-	10,025
	<u>225,104</u>	<u>212,185</u>	<u>154,910</u>	<u>147,793</u>
Total financial assets at FVTPL	<u><u>288,195</u></u>	<u><u>650,114</u></u>	<u><u>218,001</u></u>	<u><u>585,722</u></u>

A13 Financial Investments at Fair Value Through Other Comprehensive Income ("FVOCI")

	<u>GROUP</u>		<u>BANK</u>	
	31 December 2020 RM'000	31 March 2020 RM'000	31 December 2020 RM'000	31 March 2020 RM'000
At fair value				
<u>Money market instruments:</u>				
Malaysian Government securities	1,494,673	2,629,580	1,395,957	2,423,247
Malaysian Government investment issues	3,570,817	3,678,013	2,299,584	2,335,412
Negotiable instruments of deposits	100,254	-	100,254	505,225
Commercial papers	-	169,217	-	139,532
	5,165,744	6,476,810	3,795,795	5,403,416
<u>Quoted securities:</u>				
Shares	14	5	14	5
<u>Unquoted securities:</u>				
Corporate bonds and sukuk	4,992,835	5,067,692	3,099,117	3,023,357
Total financial investments at FVOCI	10,158,593	11,544,507	6,894,926	8,426,778

Movements in allowance for expected credit losses are as follows:

	12 months ECL (Stage 1) RM'000	Lifetime ECL Not-credit Impaired (Stage 2) RM'000	Lifetime ECL Credit Impaired (Stage 3) RM'000	Total RM'000
GROUP				
At 1 April 2020	138	208	-	346
Transfer to Stage 1	40	(337)	-	(297)
Transfer to Stage 2	(40)	677	-	637
New financial investments originated or purchased	14	-	-	14
Financial investments derecognised other than write-off	(19)	(5)	-	(24)
Changes due to change in credit risk	14	(152)	-	(138)
Total charge to income statement	9	183	-	192
At 31 December 2020	147	391	-	538
At 1 April 2019	120	444	9,409	9,973
New financial investments originated or purchased	59	-	-	59
Financial investments derecognised other than write-off	(29)	-	-	(29)
Changes due to change in credit risk	(12)	(236)	-	(248)
Total charge to/(write-back from) income statement	18	(236)	-	(218)
Write-off	-	-	(9,409)	(9,409)
At 31 March 2020	138	208	-	346

A13 Financial Investments at Fair Value Through Other Comprehensive Income ("FVOCI") (Contd.)

Movements in allowance for expected credit losses are as follows: (contd.)

	12 months ECL (Stage 1) RM'000	Lifetime ECL Not-credit Impaired (Stage 2) RM'000	Total RM'000
<u>BANK</u>			
At 1 April 2020	71	151	222
Transfer to Stage 1	23	(154)	(131)
Transfer to Stage 2	(23)	310	287
New financial investments originated or purchased	14	-	14
Financial investments derecognised other than write-off	(7)	(5)	(12)
Changes due to change in credit risk	15	(101)	(86)
Total charge to income statement	22	50	72
At 31 December 2020	93	201	294
At 1 April 2019	55	327	382
New financial investments originated or purchased	43	-	43
Financial investments derecognised other than write-off	(25)	-	(25)
Changes due to change in credit risk	(2)	(176)	(178)
Total charge to/(write-back from) income statement	16	(176)	(160)
At 31 March 2020	71	151	222

The Group's and the Bank's gross exposure of financial investments at FVOCI that are credit impaired are as follows:

	31 December 2020 RM'000	31 March 2020 RM'000
<u>GROUP</u>		
At beginning of financial period/year	-	9,409
Write-off during the financial period/year	-	(9,409)
At end of financial period/year	-	-

A14 Financial Investments at Amortised Cost

	<u>GROUP</u>		<u>BANK</u>	
	31 December 2020 RM'000	31 March 2020 RM'000	31 December 2020 RM'000	31 March 2020 RM'000
At amortised cost				
<u>Money market instruments:</u>				
Malaysian Government securities	292,073	-	292,073	-
Malaysian Government investment issues	1,526,238	-	1,313,831	-
Negotiable instruments of deposits	-	-	185,499	-
	1,818,311	-	1,791,403	-
<u>Unquoted securities:</u>				
Corporate bonds and sukuk	123,484	170,681	173,113	195,455
Less: Allowance for expected credit losses	(1,151)	(49,382)	(1,029)	(25,050)
	122,333	121,299	172,084	170,405
Total financial investments at amortised cost	1,940,644	121,299	1,963,487	170,405

Movements in allowance for expected credit losses are as follows:

	12 months ECL (Stage 1) RM'000	Lifetime ECL Not-credit Impaired (Stage 2) RM'000	Lifetime ECL Credit Impaired (Stage 3) RM'000	Total RM'000
GROUP				
At 1 April 2020	308	-	49,074	49,382
Total charge to income statement due to change in credit risk	13	-	-	13
Write-off	-	-	(48,244)	(48,244)
At 31 December 2020	321	-	830	1,151
At 1 April 2019	42	540	14,193	14,775
Transfer to Stage 3	-	(1,652)	50,000	48,348
New financial investments originated or purchased	131	-	-	131
Financial investments derecognised other than write-off	(26)	-	-	(26)
Changes due to change in credit risk	161	1,112	(12,511)	(11,238)
Total charge to/(write-back from) income statement	266	(540)	37,489	37,215
Write-off	-	-	(2,608)	(2,608)
At 31 March 2020	308	-	49,074	49,382

A14 Financial Investments at Amortised Cost (Contd.)

Movements in allowance for expected credit losses are as follows: (contd.)

	12 months ECL (Stage 1) RM'000	Lifetime ECL Not-credit Impaired (Stage 2) RM'000	Lifetime ECL Credit Impaired (Stage 3) RM'000	Total RM'000
<u>BANK</u>				
At 1 April 2020	372	-	24,678	25,050
Total charge to income statement due to change in credit risk	101	-	-	101
Write-off	-	-	(24,122)	(24,122)
At 31 December 2020	473	-	556	1,029
At 1 April 2019	330	270	1,294	1,894
Transfer to Stage 3	-	(826)	25,000	24,174
New financial investments originated or purchased	23	-	-	23
Financial investments derecognised other than write-off	(23)	-	-	(23)
Changes due to change in credit risk	42	556	(1,616)	(1,018)
Total charge to/(write-back from) income statement	42	(270)	23,384	23,156
At 31 March 2020	372	-	24,678	25,050

The Group's and the Bank's gross exposure of financial investments at amortised cost that are credit impaired are as follows:

	<u>GROUP</u>		<u>BANK</u>	
	31 December 2020 RM'000	31 March 2020 RM'000	31 December 2020 RM'000	31 March 2020 RM'000
At beginning of financial period/year	49,090	18,565	24,678	1,294
Impaired during the financial period/year	-	50,000	-	25,000
Write-back during the financial period/year	-	(16,867)	-	(1,616)
Write-off during the financial period/year	(48,244)	(2,608)	(24,122)	-
At end of financial period/year	846	49,090	556	24,678

A15 Loans, Advances and Financing

	<u>GROUP</u>		<u>BANK</u>	
	31 December 2020 RM'000	31 March 2020 RM'000	31 December 2020 RM'000	31 March 2020 RM'000
At amortised cost				
Overdrafts	3,479,948	4,310,148	2,076,042	2,611,587
Term loans/financing				
- Housing loans/financing	14,218,646	14,215,071	10,687,061	10,795,294
- Syndicated term loans/financing	328,539	387,090	328,539	344,603
- Hire purchase receivables	680,258	794,286	501,907	579,454
- Other term loans/financing	17,715,814	16,484,532	13,492,081	12,518,922
Bills receivables	387,969	544,009	371,529	494,913
Trust receipts	430,991	234,538	343,004	180,322
Claims on customers under acceptance credits	2,496,499	3,198,311	1,893,161	2,399,619
Staff loans				
(Loan to Directors: RM Nil [31 March 2020: RM Nil])	19,812	20,799	4,194	4,893
Credit/charge card receivables	535,909	591,475	535,909	591,475
Revolving credits	1,677,925	1,914,081	1,096,594	1,216,715
Share margin financing	1,234,212	974,005	1,068,325	816,975
Gross loans, advances and financing	43,206,522	43,668,345	32,398,346	32,554,772
Add: Sales commissions and handling fees	95,029	100,930	109,073	112,016
Less: Allowance for expected credit losses on loans, advances and financing	(951,019)	(659,268)	(628,815)	(459,243)
Total net loans, advances and financing	42,350,532	43,110,007	31,878,604	32,207,545

(a) The Bank has entered into an arrangement on Commodity Murabahah Term Financing ("CMTF") with Alliance Islamic Bank Berhad ("AIS"), the Bank's wholly owned subsidiary. The contract is based on Wakalah principle where the Bank will provide the funds, while the assets are managed by AIS (as the Wakeel or agent). The risk and rewards of the underlying assets are recognised and borne by the Bank. Hence, the underlying assets and allowances for expected credit losses/impairment losses are recognised and accounted for by the Bank. The total loans, advances and financing for CMTF was at RM44,795,000 as at 31 December 2020 (31 March 2020: RM74,795,000).

(b) The modification loss arising from the 6-month payment moratorium and Payment Relief Assistance amounting to RM76,142,000 and RM34,732,000 for the Group and the Bank respectively is netted off against the gross loans, advances and financing balance.

A15a By maturity structure:

	<u>GROUP</u>		<u>BANK</u>	
	31 December 2020 RM'000	31 March 2020 RM'000	31 December 2020 RM'000	31 March 2020 RM'000
Within one year	10,503,658	12,002,775	7,567,584	8,492,153
One year to three years	1,662,742	1,818,830	1,201,261	1,420,933
Three years to five years	2,730,295	2,566,390	2,110,283	1,839,745
Over five years	28,309,827	27,280,350	21,519,218	20,801,941
Gross loans, advances and financing	43,206,522	43,668,345	32,398,346	32,554,772

A15 Loans, Advances and Financing (Contd.)

A15b By type of customers:

	<u>GROUP</u>		<u>BANK</u>	
	31 December 2020 RM'000	31 March 2020 RM'000	31 December 2020 RM'000	31 March 2020 RM'000
Domestic banking institutions	-	7	-	7
Domestic non-bank financial institutions	437,864	378,014	353,697	313,198
Domestic business enterprises				
- Small and medium enterprises	13,101,012	12,028,450	10,294,030	9,313,262
- Others	6,056,842	7,920,797	4,651,612	5,949,200
Government and statutory bodies	58,879	61,158	58,879	61,158
Individuals	22,879,699	22,586,345	16,471,129	16,329,172
Other domestic entities	26,700	28,176	2,117	1,955
Foreign entities	645,526	665,398	566,882	586,820
Gross loans, advances and financing	43,206,522	43,668,345	32,398,346	32,554,772

A15c By interest/profit rate sensitivity:

	<u>GROUP</u>		<u>BANK</u>	
	31 December 2020 RM'000	31 March 2020 RM'000	31 December 2020 RM'000	31 March 2020 RM'000
Fixed rate				
- Housing loans/financing	27,487	29,878	4,939	5,717
- Hire purchase receivables	667,342	779,425	489,005	564,614
- Other fixed rate loans/financing	6,560,557	6,491,640	4,662,540	4,348,004
Variable rate				
- Base lending rate plus	24,141,858	24,771,256	19,593,822	20,145,220
- Base rate plus	8,187,562	7,296,462	4,910,019	4,293,863
- Cost plus	3,621,716	4,299,684	2,738,021	3,197,354
Gross loans, advances and financing	43,206,522	43,668,345	32,398,346	32,554,772

A15d By economic purposes:

	<u>GROUP</u>		<u>BANK</u>	
	31 December 2020 RM'000	31 March 2020 RM'000	31 December 2020 RM'000	31 March 2020 RM'000
Purchase of securities	1,357,917	1,075,829	1,192,031	918,799
Purchase of transport vehicles	500,715	591,753	346,253	403,320
Purchase of landed property	22,066,186	22,253,657	17,099,170	17,374,582
<i>of which: - Residential</i>	15,090,781	15,139,741	11,490,520	11,644,268
<i>- Non-residential</i>	6,975,405	7,113,916	5,608,650	5,730,314
Purchase of fixed assets				
excluding land & buildings	276,999	310,707	223,652	253,435
Personal use	5,790,618	5,596,799	3,126,807	2,992,022
Credit card	535,909	591,475	535,909	591,475
Construction	895,288	917,764	791,698	821,135
Working capital	9,056,807	9,834,498	6,998,821	7,304,339
Others	2,726,083	2,495,863	2,084,005	1,895,665
Gross loans, advances and financing	43,206,522	43,668,345	32,398,346	32,554,772

A15 Loans, Advances and Financing (Contd.)

A15e By economic sectors:

	<u>GROUP</u>		<u>BANK</u>	
	31 December 2020 RM'000	31 March 2020 RM'000	31 December 2020 RM'000	31 March 2020 RM'000
Primary agriculture	1,148,100	1,182,797	767,437	785,972
Mining and quarrying	190,290	217,775	147,844	170,095
Manufacturing	4,393,385	4,649,052	3,381,304	3,457,224
Electricity, gas and water	31,865	64,751	30,973	64,102
Construction	1,379,491	1,450,390	1,082,974	1,119,984
Wholesale, retail trade, restaurants and hotels	6,977,837	7,205,291	5,606,922	5,704,536
Transport, storage and communication	721,488	734,344	575,766	558,353
Financing, insurance, real estate and business services	4,470,080	4,526,853	3,476,167	3,514,669
Community, social and personal services	360,398	365,025	285,726	248,597
Household	23,525,225	23,241,404	17,038,011	16,905,652
Others	8,363	30,663	5,222	25,588
Gross loans, advances and financing	43,206,522	43,668,345	32,398,346	32,554,772

A15f By geographical distribution:

	<u>GROUP</u>		<u>BANK</u>	
	31 December 2020 RM'000	31 March 2020 RM'000	31 December 2020 RM'000	31 March 2020 RM'000
Northern region	3,151,157	3,201,596	2,173,679	2,213,240
Central region	30,733,990	31,069,178	23,320,272	23,443,133
Southern region	5,392,133	5,398,941	4,138,488	4,108,062
Sabah region	2,938,177	2,935,679	2,009,343	2,047,712
Sarawak region	991,065	1,062,951	756,564	742,625
Gross loans, advances and financing	43,206,522	43,668,345	32,398,346	32,554,772

A15g Movements in credit impaired loans, advances and financing ("impaired loans") in Stage 3:

	<u>GROUP</u>		<u>BANK</u>	
	31 December 2020 RM'000	31 March 2020 RM'000	31 December 2020 RM'000	31 March 2020 RM'000
At beginning of financial period/year	871,340	476,602	638,343	369,124
Impaired during the financial period/year	674,553	1,170,873	458,390	839,485
Recovered during the financial period/year	(34,241)	(76,964)	(26,265)	(64,860)
Reclassified as unimpaired during the financial period/year	(249,207)	(441,903)	(183,371)	(336,748)
Financial assets derecognised other than write-off during the financial period/year	(68,261)	(100,252)	(43,687)	(64,291)
Amount written-off	(103,881)	(157,016)	(76,638)	(104,367)
At end of financial period/year	1,090,303	871,340	766,772	638,343
Gross impaired loans as % of gross loans, advances and financing	2.52%	2.00%	2.37%	1.96%

A15 Loans, Advances and Financing (Contd.)

A15h Credit impaired loans analysed by economic purposes:

	<u>GROUP</u>		<u>BANK</u>	
	31 December 2020 RM'000	31 March 2020 RM'000	31 December 2020 RM'000	31 March 2020 RM'000
Purchase of transport vehicles	22,912	24,748	16,644	18,904
Purchase of landed property	601,120	443,777	435,133	326,689
of which: - Residential	474,879	364,862	334,454	275,103
- Non-residential	126,241	78,915	100,679	51,586
Purchase of fixed assets excluding land & buildings	12,991	22,100	12,633	21,748
Personal use	285,402	194,075	159,260	112,748
Credit card	7,534	11,153	7,534	11,153
Construction	8,108	8,120	8,108	8,120
Working capital	98,607	131,961	77,884	106,223
Others	53,629	35,406	49,576	32,758
Gross impaired loans	1,090,303	871,340	766,772	638,343

A15i Credit impaired loans analysed by economic sectors:

	<u>GROUP</u>		<u>BANK</u>	
	31 December 2020 RM'000	31 March 2020 RM'000	31 December 2020 RM'000	31 March 2020 RM'000
Primary agriculture	1,642	1,706	518	578
Mining and quarrying	1,422	1,478	1,422	1,478
Manufacturing	71,428	76,982	65,415	69,081
Construction	36,917	48,823	21,195	34,653
Wholesale, retail trade, restaurants and hotels	98,936	112,821	72,494	81,132
Transport, storage and communication	7,632	6,138	5,584	4,090
Financing, insurance, real estate and business services	72,562	30,232	71,314	29,031
Community, social and personal services	3,113	3,101	3,113	3,101
Household	795,487	588,904	524,553	414,044
Others	1,164	1,155	1,164	1,155
Gross impaired loans	1,090,303	871,340	766,772	638,343

A15j Credit impaired loans by geographical distribution:

	<u>GROUP</u>		<u>BANK</u>	
	31 December 2020 RM'000	31 March 2020 RM'000	31 December 2020 RM'000	31 March 2020 RM'000
Northern region	89,235	85,202	57,603	60,317
Central region	800,963	623,066	559,977	449,333
Southern region	150,297	118,968	116,609	94,908
Sabah region	39,430	32,649	24,417	24,474
Sarawak region	10,378	11,455	8,166	9,311
Gross impaired loans	1,090,303	871,340	766,772	638,343

A15 Loans, Advances and Financing (Contd.)

A15k Movements in allowance for expected credit losses on loans, advances and financing are as follows:

	12 months ECL (Stage 1) RM'000	Lifetime ECL Not-credit Impaired (Stage 2) RM'000	Lifetime ECL Credit Impaired (Stage 3) RM'000	Total RM'000
GROUP				
At 1 April 2020	96,553	269,287	293,428	659,268
Transfer to Stage 1	114,036	(197,078)	(3,826)	(86,868)
Transfer to Stage 2	(65,098)	305,435	(40,931)	199,406
Transfer to Stage 3	(653)	(79,498)	146,627	66,476
New financial assets originated or purchased	54,366	121,325	11,312	187,003
Financial assets derecognised other than write-off	(46,947)	(132,242)	(18,470)	(197,659)
Changes due to change in credit risk	82,865	120,052	819	203,736
Other adjustments	(46)	(37)	(13)	(96)
	138,523	137,957	95,518	371,998
Unwinding of discount	-	-	(6,468)	(6,468)
Total charge to income statement	138,523	137,957	89,050	365,530
Write-off	-	(128)	(73,651)	(73,779)
At 31 December 2020	235,076	407,116	308,827	951,019
At 1 April 2019	72,679	212,519	217,465	502,663
Transfer to Stage 1	31,354	(165,725)	(4,458)	(138,829)
Transfer to Stage 2	(44,896)	286,244	(105,254)	136,094
Transfer to Stage 3	(98)	(135,779)	342,624	206,747
New financial assets originated or purchased	57,681	139,436	19,768	216,885
Financial assets derecognised other than write-off	(26,835)	(138,100)	(27,367)	(192,302)
Changes due to change in credit risk	6,655	71,828	(20,379)	58,104
Other adjustments	16	33	12	61
	23,877	57,937	204,946	286,760
Unwinding of discount	-	-	(9,410)	(9,410)
Total charge to income statement	23,877	57,937	195,536	277,350
Write-off	(3)	(1,169)	(119,573)	(120,745)
At 31 March 2020	96,553	269,287	293,428	659,268

A15 Loans, Advances and Financing (Contd.)

A15k Movements in allowance for expected credit losses on loans, advances and financing are as follows: (contd.)

	12 months ECL <u>(Stage 1)</u> RM'000	Lifetime ECL Not-credit Impaired <u>(Stage 2)</u> RM'000	Lifetime ECL Credit Impaired <u>(Stage 3)</u> RM'000	<u>Total</u> RM'000
<u>BANK</u>				
At 1 April 2020	63,677	177,196	218,370	459,243
Transfer to Stage 1	70,180	(130,477)	(2,489)	(62,786)
Transfer to Stage 2	(40,369)	191,249	(28,823)	122,057
Transfer to Stage 3	(528)	(46,249)	90,384	43,607
New financial assets originated or purchased	38,252	92,948	8,246	139,446
Financial assets derecognised other than write-off	(31,478)	(96,631)	(12,845)	(140,954)
Changes due to change in credit risk	52,562	73,131	2,840	128,533
Other adjustments	(46)	(37)	(13)	(96)
	<u>88,573</u>	<u>83,934</u>	<u>57,300</u>	<u>229,807</u>
Unwinding of discount	-	-	(3,375)	(3,375)
Total charge to income statement	<u>88,573</u>	<u>83,934</u>	<u>53,925</u>	<u>226,432</u>
Write-off	-	(14)	(56,846)	(56,860)
At 31 December 2020	<u>152,250</u>	<u>261,116</u>	<u>215,449</u>	<u>628,815</u>
At 1 April 2019	49,135	142,622	171,332	363,089
Transfer to Stage 1	21,575	(116,457)	(3,908)	(98,790)
Transfer to Stage 2	(29,604)	197,930	(75,350)	92,976
Transfer to Stage 3	(81)	(82,648)	238,931	156,202
New financial assets originated or purchased	35,395	113,212	12,829	161,436
Financial assets derecognised other than write-off	(17,721)	(114,040)	(18,108)	(149,869)
Changes due to change in credit risk	4,962	37,191	(20,077)	22,076
Other adjustments	16	33	12	61
	<u>14,542</u>	<u>35,221</u>	<u>134,329</u>	<u>184,092</u>
Unwinding of discount	-	-	(6,612)	(6,612)
Total charge to income statement	<u>14,542</u>	<u>35,221</u>	<u>127,717</u>	<u>177,480</u>
Write-off	-	(647)	(80,679)	(81,326)
At 31 March 2020	<u>63,677</u>	<u>177,196</u>	<u>218,370</u>	<u>459,243</u>

A16 Other Assets

	<u>GROUP</u>		<u>BANK</u>	
	31 December 2020 RM'000	31 March 2020 RM'000	31 December 2020 RM'000	31 March 2020 RM'000
Other receivables	96,080	65,827	127,149	50,114
Collateral pledged for derivative transactions	36,759	137,005	36,759	136,767
Settlement account	129,264	56,352	129,264	56,352
Deposits	8,810	8,984	8,186	8,330
Prepayment	32,969	32,495	29,450	29,361
Amounts due from subsidiaries	-	-	2,172	18,680
Amount due from joint venture	183	171	307	309
	304,065	300,834	333,287	299,913
Less: Allowance for expected credit losses on other receivables [Note (a)]	(38,709)	(38,212)	(34,388)	(33,143)
	265,356	262,622	298,899	266,770

Note:

(a) Movements for allowance for expected credit losses on other receivables are as follows:

	<u>GROUP</u>		<u>BANK</u>	
	Lifetime <u>ECL</u> 31 December 2020 RM'000	Lifetime <u>ECL</u> 31 March 2020 RM'000	Lifetime <u>ECL</u> 31 December 2020 RM'000	Lifetime <u>ECL</u> 31 March 2020 RM'000
At beginning of financial period/year	38,212	34,385	33,143	29,604
New financial assets originated or purchased	148	299	-	-
Financial assets derecognised other than write-off	(171)	(179)	-	-
Changes due to change in credit risk	1,533	3,707	1,262	3,539
Total charge to income statement	1,510	3,827	1,262	3,539
Write-off	(1,013)	-	(17)	-
At end of financial period/year	38,709	38,212	34,388	33,143

As at 31 December 2020, the Group and the Bank's gross exposure of other receivables that are under lifetime expected credit losses was at RM38,709,000 and RM34,388,000 (31 March 2020: RM38,212,000 and RM33,143,000) respectively.

(b) As disclosed in Note A18, the Group and the Bank have received a government financing scheme for the purposes of lending to small and medium enterprises ("SMEs") at below market rate. Included as part of Other Assets is the deferred loss recognised on the SMEs loan/financing at below market/concession rates amounting to RM30,800,000 and RM77,750,000 for the Group and the Bank. The deferred amount will be amortised over the tenure of the respective SMEs loans/financing.

A17 Deposits from Customers

A17a By type of deposits:

	<u>GROUP</u>		<u>BANK</u>	
	31 December 2020 RM'000	31 March 2020 RM'000	31 December 2020 RM'000	31 March 2020 RM'000
Amortised cost				
Demand deposits	18,477,502	16,336,793	13,699,321	12,940,524
Savings deposits	2,057,118	1,794,343	1,662,092	1,455,337
Fixed/investment deposits	23,164,725	26,860,214	17,632,676	20,127,431
Money market deposits	2,270,813	3,091,717	1,314,142	1,848,021
Negotiable instruments of deposits	110,857	342,785	99,416	331,676
	46,081,015	48,425,852	34,407,647	36,702,989

A17b By type of customers:

	<u>GROUP</u>		<u>BANK</u>	
	31 December 2020 RM'000	31 March 2020 RM'000	31 December 2020 RM'000	31 March 2020 RM'000
Domestic financial institutions	115,385	346,226	157,155	378,170
Domestic non-bank financial institutions	2,716,408	2,867,100	1,640,858	1,749,057
Government and statutory bodies	3,227,552	4,553,365	886,067	2,663,444
Business enterprises	16,064,682	17,528,515	12,504,733	13,143,178
Individuals	22,368,767	21,637,127	17,850,160	17,491,535
Foreign entities	831,330	813,970	721,248	712,076
Others	756,891	679,549	647,426	565,529
	46,081,015	48,425,852	34,407,647	36,702,989

A17c The maturity structure of fixed/investment deposits, money market deposits and negotiable instruments of deposits are as follows:

	<u>GROUP</u>		<u>BANK</u>	
	31 December 2020 RM'000	31 March 2020 RM'000	31 December 2020 RM'000	31 March 2020 RM'000
Due within six months	20,934,371	21,708,936	15,607,263	16,266,375
Six months to one year	4,024,469	7,853,476	3,316,928	5,868,205
One year to three years	576,836	619,982	111,941	165,879
Three years to five years	10,719	112,322	10,102	6,669
	25,546,395	30,294,716	19,046,234	22,307,128

A18 Deposits and Placements of Banks and Other Financial Institutions

	<u>GROUP</u>		<u>BANK</u>	
	31 December 2020 RM'000	31 March 2020 RM'000	31 December 2020 RM'000	31 March 2020 RM'000
Licensed banks	295,880	814,332	45,777	464,076
Licensed investment banks	130,120	250,137	-	-
Bank Negara Malaysia	877,982	479,177	674,670	269,488
	1,303,982	1,543,646	720,447	733,564

Included as part of Deposit and Placement of Banks and Other Financial Institutions is government financing scheme received by the Group and the Bank amounting to RM602,465,000 respectively for the purpose of SMEs lending at a below market/concession rate with a six-year maturity. The benefit arising from the placement of funds with the Group and the Bank respectively is applied to address the financial and accounting impact incurred from lending at concession rates to SMEs and for COVID-19 related relief measures.

A19 Amounts Due To Clients And Brokers

	<u>GROUP</u>	
	31 December 2020 RM'000	31 March 2020 RM'000
Due to clients	39,363	18,133
Due to brokers	-	4,159
	39,363	22,292

These mainly relate to amounts payable to non-margin clients and outstanding contracts entered into on behalf of clients where settlement via the Bursa Malaysia Securities Clearing Sdn. Bhd. has yet to be made.

The Group's normal trade credit terms for trade payable for non-margin clients is two (2) market days according to the Bursa's FDSS trading rules.

Following the issuance of FRSIC Consensus 18, the Group no longer recognises trust monies balances in the statement of financial position, as the Group does not have any control over the trust monies to obtain the future economic benefits embodied in the trust monies. The trust monies maintained by the Group amounting to RM133,319,000 (31 March 2020: RM100,252,000) have been excluded accordingly.

A20 Financial Liabilities Designated at Fair Value Through Profit or Loss

Structured investments designated at fair value for the Group and the Bank include investments with embedded equity linked options, interest rate index linked options and foreign currency options.

The Group and the Bank have designated certain structured investments at fair value through profit or loss. The structured investments are recorded at fair value.

The fair value changes of the structured investments that are attributable to the changes in own credit risk are not significant.

	<u>GROUP/BANK</u>	
	31 December 2020 RM'000	31 March 2020 RM'000
Structured investments	442,192	451,999
Fair value changes arising from designation at fair value through profit or loss	<u>(16,737)</u>	<u>(24,914)</u>
	<u>425,455</u>	<u>427,085</u>

A21 Other Liabilities

	<u>GROUP</u>		<u>BANK</u>	
	31 December 2020 RM'000	31 March 2020 RM'000	31 December 2020 RM'000	31 March 2020 RM'000
Other payables	647,496	433,803	580,649	355,982
Collateral pledged for derivative transactions	82,030	82,766	82,030	82,766
Bills payable	100,122	118,840	93,476	113,128
Settlement account	26,651	15,226	26,651	15,226
Clearing account	340,340	97,244	295,982	73,638
Sundry deposits	56,323	51,136	51,960	46,615
Provision and accruals	117,409	127,500	111,021	115,285
Remisiers accounts	9,065	6,453	-	-
Structured investments	294,068	430,759	294,068	430,759
Amount due to subsidiaries	-	-	131,892	-
Allowance for expected credit losses commitments and contingencies	40,914	24,339	26,701	19,787
	<u>1,714,418</u>	<u>1,388,066</u>	<u>1,694,430</u>	<u>1,253,186</u>

Included as part of Other Liabilities is the deferred benefit recognised on the government financing scheme at below market/concession rates amounting to RM57,990,000 and RM85,343,000 for the Group and the Bank. The deferred amount will be amortised over the tenure of the government financing scheme.

A21 Other Liabilities (Contd.)

Movements in allowance for expected credit losses on commitments and contingencies are as follows:

	12 months ECL <u>(Stage 1)</u> RM'000	Lifetime ECL Not-credit Impaired <u>(Stage 2)</u> RM'000	Lifetime ECL Credit Impaired <u>(Stage 3)</u> RM'000	<u>Total</u> RM'000
GROUP				
At 1 April 2020	8,582	10,996	4,761	24,339
Transfer to Stage 1	2,550	(6,248)	(101)	(3,799)
Transfer to Stage 2	(1,061)	10,572	(4)	9,507
Transfer to Stage 3	-	(1,083)	2,577	1,494
New financial assets originated or purchased	2,698	3,737	-	6,435
Financial assets derecognised other than write-off	(2,310)	(3,442)	(1,908)	(7,660)
Changes due to change in credit risk	(1,755)	13,085	(659)	10,671
Other adjustments	(15)	(4)	-	(19)
	107	16,617	(95)	16,629
Unwinding of discount	-	-	(54)	(54)
Total charge to/(write-back from) income statement	107	16,617	(149)	16,575
At 31 December 2020	8,689	27,613	4,612	40,914
At 1 April 2019	6,833	16,664	9,107	32,604
Transfer to Stage 1	2,266	(19,976)	(81)	(17,791)
Transfer to Stage 2	(1,390)	15,583	(647)	13,546
Transfer to Stage 3	(1)	(399)	764	364
New financial assets originated or purchased	2,528	7,732	-	10,260
Financial assets derecognised other than write-off	(1,636)	(8,075)	(4,391)	(14,102)
Changes due to change in credit risk	(21)	(541)	198	(364)
Other adjustments	3	8	-	11
	1,749	(5,668)	(4,157)	(8,076)
Unwinding of discount	-	-	(189)	(189)
Total charge to/(write-back from) income statement	1,749	(5,668)	(4,346)	(8,265)
At 31 March 2020	8,582	10,996	4,761	24,339

A21 Other Liabilities (Contd.)

Movements in allowance for expected credit losses on commitments and contingencies are as follows: (contd.)

	12 months ECL <u>(Stage 1)</u> RM'000	Lifetime ECL Not-credit Impaired <u>(Stage 2)</u> RM'000	Lifetime ECL Credit Impaired <u>(Stage 3)</u> RM'000	<u>Total</u> RM'000
<u>BANK</u>				
At 1 April 2020	7,471	7,555	4,761	19,787
Transfer to Stage 1	2,092	(5,122)	(101)	(3,131)
Transfer to Stage 2	(934)	9,428	(1)	8,493
Transfer to Stage 3	-	(296)	956	660
New financial assets originated or purchased	2,109	3,460	-	5,569
Financial assets derecognised other than write-off	(1,963)	(2,935)	(1,837)	(6,735)
Changes due to change in credit risk	(1,631)	4,420	(659)	2,130
Other adjustments	(15)	(3)	-	(18)
	(342)	8,952	(1,642)	6,968
Unwinding of discount	-	-	(54)	(54)
Total (write-back from)/charge to income statement	(342)	8,952	(1,696)	6,914
At 31 December 2020	7,129	16,507	3,065	26,701
At 1 April 2019	6,097	13,483	9,002	28,582
Transfer to Stage 1	1,821	(16,370)	(80)	(14,629)
Transfer to Stage 2	(1,187)	12,910	(645)	11,078
Transfer to Stage 3	-	(399)	759	360
New financial assets originated or purchased	2,174	5,891	-	8,065
Financial assets derecognised other than write-off	(1,429)	(7,265)	(4,286)	(12,980)
Changes due to change in credit risk	(7)	(703)	207	(503)
Other adjustments	2	8	-	10
	1,374	(5,928)	(4,045)	(8,599)
Unwinding of discount	-	-	(196)	(196)
Total charge to/(write-back from) income statement	1,374	(5,928)	(4,241)	(8,795)
At 31 March 2020	7,471	7,555	4,761	19,787

As at 31 December 2020, the Group's and the Bank's gross exposure of commitments and contingencies that are credit impaired were RM10,389,000 and RM6,113,000 respectively (31 March 2020: RM8,829,000 and RM7,820,000).

A22 Interest Income

	3rd Quarter Ended		Nine Months Ended	
	31 December 2020 RM'000	31 December 2019 RM'000	31 December 2020 RM'000	31 December 2019 RM'000
GROUP				
Loans, advances and financing	331,485	410,616	1,061,935	1,237,622
Money at call and deposit placements with financial institutions	9,939	2,755	28,224	10,747
Financial investments at fair value through other comprehensive income	74,518	80,602	246,470	236,419
Financial investments at amortised cost	13,117	1,344	21,813	5,617
Others	82	78	601	305
	429,141	495,395	1,359,043	1,490,710
Accretion of discount less amortisation of premium (net)	(19)	19,908	11,389	63,448
	429,122	515,303	1,370,432	1,554,158
	3rd Quarter Ended		Nine Months Ended	
	31 December 2020 RM'000	31 December 2019 RM'000	31 December 2020 RM'000	31 December 2019 RM'000
BANK				
Loans, advances and financing	325,115	405,488	1,042,792	1,215,635
Money at call and deposit placements with financial institutions	10,365	3,061	30,046	12,277
Financial investments at fair value through other comprehensive income	65,772	73,570	221,000	218,515
Financial investments at amortised cost	14,919	3,005	27,200	9,881
Others	82	78	601	305
	416,253	485,202	1,321,639	1,456,613
Accretion of discount less amortisation of premium (net)	127	21,381	11,431	64,600
	416,380	506,583	1,333,070	1,521,213

Included in the interest income on loans, advances and financing for the current financial period:

- (a) Interest/profit accrued on impaired loans/financing of the Group and the Bank of RM4,965,000 (31 December 2019: RM4,619,000) respectively.
- (b) The Group and the Bank granted an automatic moratorium on certain loan/financing repayments/payments (except for credit card balances), by individuals and SMEs for a period of six months from 1 April 2020. The Group and the Bank have also provided Payment Relief Assistance programmes through a 3 months extended moratorium. The automatic moratorium and Payment Relief Assistance were applicable to loans/financing that are not in arrears exceeding 90 days and denominated in Malaysian Ringgit. This measure was to assist borrowers experiencing temporary financial constraints due to the COVID-19 pandemic. As a result of the payment moratorium, the Group and the Bank recognised a loss of RM34,732,000 arising from the modification of contractual cash flows of the loan and financing.

The Group and the Bank also received a government financing scheme for the purpose of on lending/financing to SMEs at below market/concession rate. The lending/financing by the Group and the Bank is to provide support for SMEs in sustaining business operations, safeguard jobs and encourage domestic investments during the COVID-19 pandemic. The benefit arising from the government financing scheme amounting to RM36,016,000 for the Group and the Bank respectively are applied to address the financial and accounting impact incurred for COVID-19 related relief measures.

A23 Interest Expense

	3rd Quarter Ended		Nine Months Ended	
	31 December 2020 RM'000	31 December 2019 RM'000	31 December 2020 RM'000	31 December 2019 RM'000
GROUP				
Deposits and placements of banks and other financial institutions	3,458	9,245	11,802	24,839
Deposits from customers	146,127	237,892	526,137	719,842
Recourse obligations on loans and financing sold to Cagamas	3,388	3,388	10,239	10,238
Subordinated obligations	19,396	21,223	61,666	63,489
Lease liabilities	1,697	1,855	5,098	5,626
Others	1,868	1,408	6,169	3,750
	175,934	275,011	621,111	827,784
BANK				
Deposits and placements of banks and other financial institutions	2,229	4,062	5,775	11,135
Deposits from customers	144,423	232,363	519,463	699,735
Recourse obligations on loans and financing sold to Cagamas	3,388	3,388	10,239	10,238
Subordinated obligations	19,503	21,282	61,879	63,644
Lease liabilities	1,697	1,855	5,096	5,622
Others	1,868	1,408	6,169	3,750
	173,108	264,358	608,621	794,124

A24 Net Income from Islamic Banking Business

	3rd Quarter Ended		Nine Months Ended	
	31 December 2020 RM'000	31 December 2019 RM'000	31 December 2020 RM'000	31 December 2019 RM'000
GROUP				
Income derived from investment of depositors' funds and others	145,300	169,578	464,265	486,062
Income derived from investment of Islamic Banking funds	14,672	16,439	47,801	49,382
Income attributable to the depositors and financial institutions	(66,783)	(85,140)	(231,265)	(249,574)
	93,189	100,877	280,801	285,870

The Group granted an automatic moratorium on certain financing repayments/payments, by individuals and SMEs for a period of six months from 1 April 2020. The Group has also provided Payment Relief Assistance programmes through a 3 months extended moratorium. The automatic moratorium and Payment Relief Assistance were applicable to financing that are not in arrears exceeding 90 days and denominated in Malaysian Ringgit. This measure was to assist borrowers experiencing temporary financial constraints due to the COVID-19 pandemic. As a result of the payment moratorium, the Group recognised a modification loss of RM41,409,000 arising from the modification of contractual cash flows of the financing.

The Group also received a government financing scheme for the purpose of on lending/financing to SMEs at below market/concession rate. The lending/financing by the Group is to provide support for SMEs in sustaining business operations, safeguard jobs and encourage domestic investments during the COVID-19 pandemic. The benefit arising from the government financing scheme amounting to RM41,750,000 is applied to address the financial and accounting impact incurred for COVID-19 related relief measures.

A25 Other Operating Income

GROUP	3rd Quarter Ended		Nine Months Ended	
	31 December 2020 RM'000	31 December 2019 RM'000	31 December 2020 RM'000	31 December 2019 RM'000
(a) <u>Fee and commission income:</u>				
Commissions	26,540	21,855	68,812	64,731
Service charges and fees	8,234	9,412	20,469	23,873
Corporate advisory fees	791	1,324	2,712	2,484
Underwriting commissions	1,397	404	1,423	1,760
Brokerage fees	17,723	6,135	51,902	18,645
Guarantee fees	3,441	3,647	10,552	10,688
Processing fees	818	2,368	3,339	7,708
Commitment fees	4,825	4,220	14,195	13,086
Cards related income	18,220	20,460	51,796	62,057
Other fee income	2,000	1,501	6,002	4,503
	83,989	71,326	231,202	209,535
(b) <u>Fee and commission expense:</u>				
Commissions expense	(627)	(517)	(1,755)	(4,542)
Service charges and fees expense	(381)	(286)	(970)	(761)
Brokerage fees expense	(8,515)	(1,918)	(22,394)	(6,044)
Guarantee fees expense	(2,818)	(1,387)	(7,812)	(2,368)
Cards related expense	(18,034)	(17,594)	(49,107)	(51,277)
	(30,375)	(21,702)	(82,038)	(64,992)
(c) <u>Investment income:</u>				
Realised gain/(loss) arising from sale/redemption of:				
- Financial assets at fair value through profit or loss	3,103	2,433	12,406	8,511
- Financial investments at fair value through other comprehensive income	45,840	2,824	79,720	16,999
- Financial investments at amortised cost	(150)	-	(150)	-
- Derivative instruments	63,378	52,116	202,058	67,905
- Other investments	(5)	(4)	(5)	5
Marked-to-market revaluation gain/(loss):				
- Financial assets at fair value through profit or loss	1,355	6,243	29,587	22,923
- Derivative instruments	(6,498)	(33,066)	(90,573)	(8,999)
- Financial liabilities designated at fair value through profit or loss	(18,514)	1,658	(8,177)	(29,588)
Gross dividend income from:				
- Financial assets at fair value through profit or loss	-	3,120	1,480	4,419
	88,509	35,324	226,346	82,175
(d) <u>Other income:</u>				
Foreign exchange (loss)/gain	(17,174)	(8,075)	(45,514)	1,817
Rental income	31	52	105	168
Others	4,342	4,373	11,530	13,964
	(12,801)	(3,650)	(33,879)	15,949
Total other operating income	129,322	81,298	341,631	242,667

A25 Other Operating Income (Contd.)

BANK	3rd Quarter Ended		Nine Months Ended	
	31 December 2020 RM'000	31 December 2019 RM'000	31 December 2020 RM'000	31 December 2019 RM'000
(a) <u>Fee and commission income:</u>				
Commissions	26,540	21,855	68,812	64,731
Service charges and fees	7,936	9,270	19,692	23,460
Guarantee fees	3,434	3,640	10,532	10,668
Processing fees	471	2,149	2,018	5,778
Commitment fees	4,825	4,208	14,195	13,047
Cards related income	18,220	20,460	51,796	62,057
Other fee income	2,000	1,500	6,000	4,500
	63,426	63,082	173,045	184,241
(b) <u>Fee and commission expense:</u>				
Commissions expense	(627)	(517)	(1,755)	(4,953)
Service charges and fees expense	(381)	(286)	(970)	(761)
Brokerage fees expense	(17)	(10)	(54)	(17)
Guarantee fees expense	(2,818)	(1,387)	(7,812)	(2,368)
Cards related expense	(18,034)	(17,594)	(49,107)	(51,277)
	(21,877)	(19,794)	(59,698)	(59,376)
(c) <u>Investment income:</u>				
Realised gain/(loss) arising from sale/redemption of:				
- Financial assets at fair value through profit or loss	3,103	2,433	12,406	8,391
- Financial investments at fair value through other comprehensive income	35,026	3,285	67,923	13,767
- Financial investments at amortised cost	(150)	-	(150)	-
- Derivative instruments	63,378	52,116	202,058	67,905
- Other investments	(5)	(4)	(5)	5
Marked-to-market revaluation gain/(loss):				
- Financial assets at fair value through profit or loss	1,355	6,243	23,785	19,315
- Derivative instruments	(6,498)	(33,066)	(90,573)	(8,999)
- Financial liabilities designated at fair value through profit or loss	(18,514)	1,658	(8,177)	(29,588)
Gross dividend income from:				
- Financial assets at fair value through profit or loss	-	1,919	931	2,668
- Subsidiaries	230,607	20,427	238,929	48,031
	308,302	55,011	447,127	121,495
(d) <u>Other income:</u>				
Foreign exchange (loss)/gain	(17,470)	(8,137)	(46,153)	1,558
Rental income	407	558	1,320	1,837
Others	4,169	4,200	10,939	13,475
	(12,894)	(3,379)	(33,894)	16,870
Total other operating income	336,957	94,920	526,580	263,230

A26 Other Operating Expenses

	3rd Quarter Ended		Nine Months Ended	
	31 December 2020 RM'000	31 December 2019 RM'000	31 December 2020 RM'000	31 December 2019 RM'000
GROUP				
Personnel costs				
- Salaries, allowances and bonuses	96,375	99,977	291,079	300,220
- Contribution to EPF	15,746	16,254	47,651	48,492
- Others	10,406	14,219	31,950	41,570
	122,527	130,450	370,680	390,282
Establishment costs				
- Depreciation of property, plant and equipment	5,116	5,842	15,766	17,558
- Depreciation of right-of-use assets	6,447	6,466	19,045	18,598
- Amortisation of computer software	10,996	9,498	31,092	27,319
- Rental of premises	541	180	1,588	1,702
- Water and electricity	1,711	1,866	5,154	5,941
- Repairs and maintenance	2,237	2,790	7,468	7,271
- Information technology expenses	15,912	19,245	45,450	51,420
- Others	2,662	2,848	7,941	8,037
	45,622	48,735	133,504	137,846
Marketing expenses				
- Promotion and advertisement	6,389	2,970	11,169	5,031
- Branding and publicity	1,541	4,365	4,463	7,713
- Others	1,229	1,974	3,453	5,891
	9,159	9,309	19,085	18,635
Administration and general expenses				
- Communication expenses	3,243	2,381	9,429	7,402
- Printing and stationery	414	540	1,308	1,709
- Insurance	592	2,822	5,351	8,650
- Professional fees	5,518	9,081	16,470	20,800
- Others	4,104	6,010	12,696	16,283
	13,871	20,834	45,254	54,844
Total other operating expenses	191,179	209,328	568,523	601,607

A26 Other Operating Expenses (Contd.)

	3rd Quarter Ended		Nine Months Ended	
	31 December 2020 RM'000	31 December 2019 RM'000	31 December 2020 RM'000	31 December 2019 RM'000
<u>BANK</u>				
Personnel costs				
- Salaries, allowances and bonuses	74,699	75,561	220,983	228,129
- Contribution to EPF	12,334	12,331	36,489	36,980
- Others	8,884	11,077	25,636	32,807
	95,917	98,969	283,108	297,916
Establishment costs				
- Depreciation of property, plant and equipment	5,008	5,707	15,425	17,127
- Depreciation of right-of-use assets	6,437	6,461	19,012	18,564
- Amortisation of computer software	10,614	9,121	29,958	26,200
- Rental of premises	415	137	1,429	950
- Water and electricity	1,286	1,382	3,824	4,448
- Repairs and maintenance	1,711	2,420	5,753	5,797
- Information technology expenses	9,139	14,436	27,960	38,144
- Others	2,197	171	3,890	528
	36,807	39,835	107,251	111,758
Marketing expenses				
- Promotion and advertisement	6,087	2,305	10,916	4,080
- Branding and publicity	1,308	3,563	3,147	5,197
- Others	799	1,287	2,112	3,914
	8,194	7,155	16,175	13,191
Administration and general expenses				
- Communication expenses	2,453	1,864	7,145	5,579
- Printing and stationery	317	411	1,000	1,311
- Insurance	592	2,452	4,456	7,503
- Professional fees	4,373	7,084	12,728	16,000
- Others	901	4,528	9,574	12,102
	8,636	16,339	34,903	42,495
Total other operating expenses	149,554	162,298	441,437	465,360

A27 Allowance for Expected Credit Losses on Loans, Advances and Financing and Other Financial Assets

	3rd Quarter Ended		Nine Months Ended	
	31 December 2020 RM'000	31 December 2019 RM'000	31 December 2020 RM'000	31 December 2019 RM'000
GROUP				
Allowance for expected credit losses on:				
(a) Loans, advances and financing				
- Allowance made during the financial period	149,812	55,350	371,998	185,571
(b) Credit impaired loans, advances and financing				
- Recovered during the financial period	(8,953)	(19,651)	(25,767)	(38,312)
- Write-off during the financial period	7,075	9,487	31,951	28,113
(c) Commitments and contingencies on loans, advances and financing				
- Allowance made/(write-back) made during the financial period	2,568	(4,201)	16,629	(3,417)
	150,502	40,985	394,811	171,955
(Write-back of)/allowance for expected credit losses on:				
- Amounts due from clients and brokers	-	-	(3)	-
- Other receivables	300	885	1,510	2,927
- Cash and short-term funds	(18)	(10)	9	(37)
- Deposits and placements with banks and other financial institutions	1	-	8	-
	150,785	41,860	396,335	174,845
BANK				
Allowance for expected credit losses on:				
(a) Loans, advances and financing				
- Allowance made during the financial period	78,736	32,182	229,807	120,911
(b) Credit impaired loans, advance and financing				
- Recovered during the financial period	(5,912)	(16,140)	(18,378)	(27,877)
- Write-off during the financial period	4,610	6,137	20,874	17,065
(c) Commitments and contingencies on loans, advances and financing				
- Allowance made/(write-back) made during the financial period	383	(4,755)	6,968	(3,928)
	77,817	17,424	239,271	106,171
Allowance for/(write-back of) expected credit losses on:				
- Other receivables	234	771	1,262	2,730
- Cash and short-term funds	(18)	(10)	9	(37)
- Deposits and placements with banks and other financial institutions	1	-	8	-
	78,034	18,185	240,550	108,864

A28 (Write-back of)/Allowance for Expected Credit Losses on Financial Investments

	3rd Quarter Ended		Nine Months Ended	
	31 December 2020 RM'000	31 December 2019 RM'000	31 December 2020 RM'000	31 December 2019 RM'000
GROUP				
(a) Financial investments at fair value through other comprehensive income				
- (Write-back)/allowance made during the financial period	(220)	(164)	192	(176)
(b) Financial investments at amortised cost				
- (Write-back)/allowance made during the financial period	(36)	(10,189)	13	37,571
- Commitments and contingencies	-	1	-	9
	(256)	(10,352)	205	37,404

	3rd Quarter Ended		Nine Months Ended	
	31 December 2020 RM'000	31 December 2019 RM'000	31 December 2020 RM'000	31 December 2019 RM'000
BANK				
(a) Financial investments at fair value through other comprehensive income				
- (Write-back)/allowance made during the financial period	(138)	(114)	72	(134)
(b) Financial investments at amortised cost				
- (Write-back)/allowance made during the financial period	(103)	(342)	101	23,475
	(241)	(456)	173	23,341

A29 Allowance for Impairment Losses on Non-Financial Assets

	3rd Quarter Ended		Nine Months Ended	
	31 December 2020 RM'000	31 December 2019 RM'000	31 December 2020 RM'000	31 December 2019 RM'000
GROUP				
Intangible assets - goodwill	-	-	-	3,686

A30 Commitments and Contingencies

The off-balance sheet exposures and their related counterparty credit risk of the Group and the Bank are as follows:

	<u>GROUP</u>		<u>BANK</u>	
	31 December 2020 RM'000	31 March 2020 RM'000	31 December 2020 RM'000	31 March 2020 RM'000
<u>Commitments and contingencies</u>				
Direct credit substitutes	737,513	814,317	557,186	622,481
Transaction-related contingent items	556,353	621,684	494,905	559,957
Short-term self-liquidating trade-related contingencies	125,301	130,924	98,448	110,898
Forward assets purchase	41,136	-	41,136	-
Obligations under an on-going underwriting agreement	20,000	51,150	-	-
Irrevocable commitments to extend credit:				
- maturity exceeding one year	945,202	1,239,933	742,275	871,143
- maturity not exceeding one year	10,549,163	9,273,334	7,856,305	7,139,788
Unutilised credit card lines	1,296,564	1,356,566	1,296,564	1,356,566
	<u>14,271,232</u>	<u>13,487,908</u>	<u>11,086,819</u>	<u>10,660,833</u>
<u>Derivative financial instruments</u>				
Foreign exchange related contracts:				
- one year or less	8,924,737	12,470,667	8,924,737	12,470,667
- over one year to three years	655,490	621,349	655,490	621,349
- over three years	606,491	315,762	606,491	315,762
Interest rate related contracts:				
- one year or less	1,843,586	3,505,421	1,843,586	3,505,421
- over one year to three years	4,167,489	3,386,675	4,167,489	3,386,675
- over three years	1,550,780	2,230,984	1,550,780	2,230,984
Equity related contracts				
- one year or less	514,107	533,770	514,107	533,770
- over one year to three years	191,583	273,868	191,583	273,868
- over three years	-	145,300	-	145,300
	<u>18,454,263</u>	<u>23,483,796</u>	<u>18,454,263</u>	<u>23,483,796</u>
	<u>32,725,495</u>	<u>36,971,704</u>	<u>29,541,082</u>	<u>34,144,629</u>

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A31 Segment Information

The following segment information has been prepared in accordance with MFRS 8 Operating Segments, which defines the requirements for the disclosure of financial information of an entity's operating segments. The operating segments results are prepared and provided to the chief operating decision maker based on the Group's internal management reporting reflective of the organisation's management reporting structure.

Based on the results presented to chief operating decision maker, funds are allocated between segments and inter-segment funding cost transfers are reflected in net interest income. In addition to the operating segments, the segment information disclosed also includes inter-segment eliminations. Transactions between reportable segments are eliminated based on principles of consolidation as described in accounting policy. Intercompany transactions, balances and unrealised gains and losses on transactions between Group's companies are eliminated in inter-segment eliminations.

The Group is organised into the following key operating segments:

(i) Consumer Banking

Consumer Banking provides a wide range of personal banking solutions covering mortgages, term loans, personal loans, hire purchase facilities, credit cards and wealth management (cash management, investment services, share trading, bancassurance and will writing). Consumer Banking customers are serviced via branch network, call centre, electronic/internet banking channels, and direct sales channels.

(ii) Business Banking

Business Banking segment covers Small and Medium Enterprise ("SME"), Corporate and Commercial Banking. SME Banking customers comprise self-employed, small and medium scale enterprises. Corporate and Commercial Banking serves public-listed and large corporate business customers including family-owned businesses. Business Banking provides a wide range of products and services including loans, trade finance, cash management, treasury and structured solutions.

(iii) Financial Markets

Financial Markets provide foreign exchange, money market, hedging and investment (capital market instruments) solutions for banking customers. It also manages the assets and liabilities, liquidity and statutory reserve requirements of the banking entities in the Group.

(iv) Stockbroking and Corporate Advisory

Stockbroking and Corporate Advisory covers stockbroking activities and corporate advisory which includes initial public offering, equity fund raising, debt fund raising, mergers and acquisitions and corporate restructuring.

(v) Others

Others refer to mainly other business operations such as alternative distribution channels, trustee services and head office.

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A31 Segment information (Contd.)

GROUP	Consumer <u>Banking</u> RM'000	Business <u>Banking</u> RM'000	Financial <u>Markets</u> RM'000	Stockbroking and <u>Corporate Advisory</u> RM'000	<u>Others</u> RM'000	Total <u>Operations</u> RM'000	Inter-segment <u>Elimination</u> RM'000	Total <u>Total</u> RM'000
3rd Quarter ended 31 December 2020								
Net interest income/(expense)								
- external income	74,558	111,775	63,977	1,777	24	252,111	1,077	253,188
- inter-segment	3,718	10,124	(13,071)	(771)	-	-	-	-
	78,276	121,899	50,906	1,006	24	252,111	1,077	253,188
Net income from Islamic banking business	37,395	33,048	18,455	-	24	88,922	4,267	93,189
Other operating income	30,272	34,881	53,901	13,022	5,505	137,581	(8,259)	129,322
Net income	145,943	189,828	123,262	14,028	5,553	478,614	(2,915)	475,699
Other operating expenses	(81,650)	(64,066)	(10,560)	(7,681)	(4,748)	(168,705)	85	(168,620)
Depreciation and amortisation	(10,429)	(9,597)	(2,194)	(622)	(101)	(22,943)	384	(22,559)
Operating profit	53,864	116,165	110,508	5,725	704	286,966	(2,446)	284,520
(Allowance for)/write-back of expected credit losses on loans, advances and other financial assets	(129,717)	(21,058)	16	(26)	-	(150,785)	-	(150,785)
Write-back of expected credit losses on financial investments	-	37	308	-	-	345	(89)	256
Segment result	(75,853)	95,144	110,832	5,699	704	136,526	(2,535)	133,991
Share of results of joint venture								20
Taxation								(33,554)
Net profit for the financial period								100,457
Segment assets	21,313,902	24,306,018	13,794,673	313,144	444,595	60,172,332	(1,913,974)	58,258,358
Reconciliation of segment assets to consolidated assets:								
Investment in joint venture								976
Property, plant and equipment								55,557
Tax recoverable and deferred tax assets								96,324
Intangible assets								437,357
Total assets								58,848,572

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A31 Segment information (Contd.)

GROUP	Consumer <u>Banking</u> RM'000	Business <u>Banking</u> RM'000	Financial <u>Markets</u> RM'000	Stockbroking and <u>Corporate Advisory</u> RM'000	<u>Others</u> RM'000	Total <u>Operations</u> RM'000	Inter-segment <u>Elimination</u> RM'000	Total RM'000
Nine months ended 31 December 2020								
Net interest income/(expense)								
- external income	226,801	322,224	197,996	5,503	62	752,586	(3,265)	749,321
- inter-segment	26,796	38,187	(62,410)	(2,573)	-	-	-	-
	253,597	360,411	135,586	2,930	62	752,586	(3,265)	749,321
Net income from Islamic banking business	123,669	95,116	46,680	-	69	265,534	15,267	280,801
Other operating income	79,056	96,868	131,687	37,578	8,256	353,445	(11,814)	341,631
Net income	456,322	552,395	313,953	40,508	8,387	1,371,565	188	1,371,753
Other operating expenses	(243,322)	(190,917)	(30,109)	(24,203)	(14,903)	(503,454)	834	(502,620)
Depreciation and amortisation	(30,268)	(28,084)	(6,507)	(1,922)	(310)	(67,091)	1,188	(65,903)
Operating profit/(loss)	182,732	333,394	277,337	14,383	(6,826)	801,020	2,210	803,230
(Allowance for)/write-back of expected credit losses on loans, advances and financing and other financial assets	(289,716)	(107,002)	249	134	-	(396,335)	-	(396,335)
Allowance for expected credit losses on financial investments	-	(13)	(88)	-	-	(101)	(104)	(205)
Segment result	(106,984)	226,379	277,498	14,517	(6,826)	404,584	2,106	406,690
Share of results of joint venture								73
Taxation								(98,050)
Net profit for the financial period								308,713
Segment assets	21,313,902	24,306,018	13,794,673	313,144	444,595	60,172,332	(1,913,974)	58,258,358
Reconciliation of segment assets to consolidated assets:								
Investment in joint venture								976
Property, plant and equipment								55,557
Tax recoverable and deferred tax assets								96,324
Intangible assets								437,357
Total assets								58,848,572

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A31 Segment information (Contd.)

GROUP	Consumer <u>Banking</u> RM'000	Business <u>Banking</u> RM'000	Financial <u>Markets</u> RM'000	Stockbroking and <u>Corporate Advisory</u> RM'000	<u>Others</u> RM'000	Total <u>Operations</u> RM'000	Inter-segment <u>Elimination</u> RM'000	<u>Total</u> RM'000
3rd Quarter ended 31 December 2019								
Net interest income/(expense)								
- external income	103,358	91,009	53,484	3,311	81	251,243	(10,951)	240,292
- inter-segment	(17,093)	21,788	(2,707)	(1,988)	-	-	-	-
	86,265	112,797	50,777	1,323	81	251,243	(10,951)	240,292
Net income from Islamic banking business	42,412	30,239	18,080	-	31	90,762	10,115	100,877
Other operating income	28,014	41,371	5,773	6,537	4,100	85,795	(4,497)	81,298
Net income	156,691	184,407	74,630	7,860	4,212	427,800	(5,333)	422,467
Other operating expenses	(87,828)	(71,220)	(14,501)	(9,779)	(4,303)	(187,631)	109	(187,522)
Depreciation and amortisation	(10,362)	(9,124)	(1,963)	(666)	(126)	(22,241)	435	(21,806)
Operating profit/(loss)	58,501	104,063	58,166	(2,585)	(217)	217,928	(4,789)	213,139
(Allowance for)/write-back of expected credit losses								
on loans, advances and financing and other financial assets	(45,150)	3,433	11	(154)	-	(41,860)	-	(41,860)
Write-back of expected credit losses on financial investments	-	10,189	81	-	-	10,270	82	10,352
Segment result	13,351	117,685	58,258	(2,739)	(217)	186,338	(4,707)	181,631
Share of results of joint venture								35
Taxation								(47,669)
Net profit for the financial period								133,997
Segment assets	23,272,316	22,860,832	13,073,019	317,065	139,358	59,662,590	(1,727,020)	57,935,570
Reconciliation of segment assets to consolidated assets:								
Investment in joint venture								886
Property, plant and equipment								70,616
Tax recoverable and deferred tax assets								101,948
Intangible assets								432,510
Total assets								58,541,530

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A31 Segment information (Contd.)

GROUP	Consumer <u>Banking</u>	Business <u>Banking</u>	Financial <u>Markets</u>	Stockbroking and <u>Corporate Advisory</u>	<u>Others</u>	Total <u>Operations</u>	Inter-segment <u>Elimination</u>	<u>Total</u>
Nine months ended 31 December 2019	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Net interest income/(expense)								
- external income	299,133	274,219	171,042	10,271	210	754,875	(28,501)	726,374
- inter-segment	(43,737)	63,668	(13,661)	(6,270)	-	-	-	-
	<u>255,396</u>	<u>337,887</u>	<u>157,381</u>	<u>4,001</u>	<u>210</u>	<u>754,875</u>	<u>(28,501)</u>	<u>726,374</u>
Net income from Islamic banking business	118,849	87,835	47,732	-	132	254,548	31,322	285,870
Other operating income	<u>77,173</u>	<u>120,855</u>	<u>24,236</u>	<u>19,921</u>	<u>13,356</u>	<u>255,541</u>	<u>(12,874)</u>	<u>242,667</u>
Net income	<u>451,418</u>	<u>546,577</u>	<u>229,349</u>	<u>23,922</u>	<u>13,698</u>	<u>1,264,964</u>	<u>(10,053)</u>	<u>1,254,911</u>
Other operating expenses	(253,931)	(205,224)	(37,256)	(28,288)	(13,679)	(538,378)	246	(538,132)
Depreciation and amortisation	<u>(30,172)</u>	<u>(26,481)</u>	<u>(5,761)</u>	<u>(2,000)</u>	<u>(387)</u>	<u>(64,801)</u>	<u>1,326</u>	<u>(63,475)</u>
Operating profit/(loss)	<u>167,315</u>	<u>314,872</u>	<u>186,332</u>	<u>(6,366)</u>	<u>(368)</u>	<u>661,785</u>	<u>(8,481)</u>	<u>653,304</u>
(Allowance for)/write-back of expected credit losses on loans, advances and financing and other financial assets	(139,034)	(35,791)	128	(148)	-	(174,845)	-	(174,845)
(Allowance for)/write-back of expected credit losses on financial investments	-	(37,579)	187	-	-	(37,392)	(12)	(37,404)
Allowance for impairment losses on non-financial assets	-	-	-	(5,302)	-	(5,302)	1,616	(3,686)
Segment result	<u>28,281</u>	<u>241,502</u>	<u>186,647</u>	<u>(11,816)</u>	<u>(368)</u>	<u>444,246</u>	<u>(6,877)</u>	<u>437,369</u>
Share of results of joint venture								84
Taxation								<u>(111,247)</u>
Net profit for the financial period								<u><u>326,206</u></u>
Segment assets	<u>23,272,316</u>	<u>22,860,832</u>	<u>13,073,019</u>	<u>317,065</u>	<u>139,358</u>	<u>59,662,590</u>	<u>(1,727,020)</u>	<u>57,935,570</u>
Reconciliation of segment assets to consolidated assets:								
Investment in joint venture								886
Property, plant and equipment								70,616
Tax recoverable and deferred tax assets								101,948
Intangible assets								<u>432,510</u>
Total assets								<u><u>58,541,530</u></u>

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(Incorporated in Malaysia)

A32 Capital Adequacy

The capital adequacy ratios of the Group and the Bank are computed in accordance with Bank Negara Malaysia's Capital Adequacy Framework. The Framework sets out the approach for computing regulatory capital adequacy ratios, as well as the levels of those ratios at which banking institutions are required to operate. The framework is to strengthen capital adequacy standards, in line with the requirements set forth under Basel III. The risk-weighted assets of the Group and the Bank are computed using the Standardised Approach for credit risk and market risk, and the Basic Indicator Approach for operational risk.

The Group and the Bank have also adopted the transitional arrangements on provisions for expected credit losses in accordance with Bank Negara Malaysia's Transitional Arrangements for Regulatory Capital Treatment of Accounting Provisions effective on 9 December 2020, with four financial year base reference date as at 1 January 2020 and add-back factor percentage.

The capital adequacy ratios with and without transitional arrangements for the Group and the Bank are as follows:

	<u>GROUP</u>		<u>BANK</u>	
	31 December 2020	31 March 2020	31 December 2020	31 March 2020
<u>With transitional arrangements</u>				
CET I capital ratio	16.303%	-	14.525%	-
Tier I capital ratio	17.265%	-	15.438%	-
Total capital ratio	21.688%	-	20.470%	-
<u>Without transitional arrangements</u>				
CET I capital ratio	15.332%	13.826%	13.715%	12.899%
Tier I capital ratio	16.293%	14.593%	14.628%	13.771%
Total capital ratio	20.717%	18.902%	19.660%	18.634%

(a) Components of Common Equity Tier I ("CET I"), Tier I and Tier II capital under the Capital Adequacy Framework with transitional arrangements are as follows:

	<u>GROUP</u>		<u>BANK</u>	
	31 December 2020 RM'000	31 March 2020 RM'000	31 December 2020 RM'000	31 March 2020 RM'000
<u>CET I Capital/Tier I Capital</u>				
Paid-up share capital	1,548,106	1,548,106	1,548,106	1,548,106
Retained profits	4,256,057	3,974,847	3,554,154	3,346,890
Regulatory reserves	151,625	224,579	141,791	182,292
FVOCI reserves	281,780	140,966	165,702	79,612
Capital reserves	100,150	100,150	15,515	15,515
	6,337,718	5,988,648	5,425,268	5,172,415
(Less)/add: Regulatory adjustments				
- Goodwill and other intangibles	(437,357)	(437,086)	(333,797)	(332,680)
- Deferred tax assets	(13,897)	(28,125)	-	(14,074)
- 55% of FVOCI reserves	(154,979)	(77,531)	(91,136)	(43,787)
- Regulatory reserves	(151,625)	(224,579)	(141,791)	(182,292)
- Investment in subsidiaries, associate and joint venture	(976)	(903)	(1,109,102)	(909,102)
- Transitional arrangements	353,558	-	221,397	-
Total CET I Capital	5,932,442	5,220,424	3,970,839	3,690,480
Additional Tier I Capital Securities	349,884	289,844	249,692	249,584
Total Additional Tier I Capital	349,884	289,844	249,692	249,584
Total Tier I Capital	6,282,326	5,510,268	4,220,531	3,940,064

A32 Capital Adequacy (Contd.)

- (a) Components of Common Equity Tier I ("CET I"), Tier I and Tier II capital under the revised Capital Adequacy Framework are as follows: (contd.)

	<u>GROUP</u>		<u>BANK</u>	
	31 December 2020 RM'000	31 March 2020 RM'000	31 December 2020 RM'000	31 March 2020 RM'000
<u>Tier II Capital</u>				
Subordinated obligations	1,199,028	1,199,829	1,198,476	1,199,719
Expected credit losses and regulatory reserves	410,555	427,020	307,190	321,754
Less: Regulatory adjustment				
- Investment in Tier II capital instruments	-	-	(130,000)	(130,000)
Total Tier II Capital	1,609,583	1,626,849	1,375,666	1,391,473
Total Capital	7,891,909	7,137,117	5,596,197	5,331,537

- (b) The breakdown of risk-weighted assets ("RWA") by exposures in each major risk category are as follows:

	<u>GROUP</u>		<u>BANK</u>	
	31 December 2020 RM'000	31 March 2020 RM'000	31 December 2020 RM'000	31 March 2020 RM'000
Credit risk	32,844,414	34,161,647	24,575,165	25,740,333
Market risk	326,543	472,308	326,112	472,308
Operational risk	3,216,719	3,125,054	2,437,177	2,398,815
Total RWA and capital requirements	36,387,676	37,759,009	27,338,454	28,611,456

- (c) The capital adequacy ratios of the banking subsidiaries are as follows:

	<u>Alliance Islamic Bank Berhad</u>	<u>Alliance Investment Bank Berhad</u>
31 December 2020		
<u>With transitional arrangements</u>		
CET I capital ratio	15.230%	73.969%
Tier I capital ratio	16.368%	73.969%
Total capital ratio	19.014%	74.880%
<u>Without transitional arrangements</u>		
CET I capital ratio	13.720%	73.925%
Tier I capital ratio	14.858%	73.925%
Total capital ratio	17.504%	74.835%
31 March 2020		
<u>Without transitional arrangements</u>		
<u>(i) Before deducting proposed dividends</u>		
CET I capital ratio	10.507%	98.737%
Tier I capital ratio	11.617%	98.737%
Total capital ratio	14.233%	99.682%
<u>(ii) After deducting proposed dividends</u>		
CET I capital ratio	10.507%	97.246%
Tier I capital ratio	11.617%	97.246%
Total capital ratio	14.233%	98.190%

A33 Fair Value Measurements

(a) Determination of fair value and fair value hierarchy

MFRS 13 Fair Value Measurement requires disclosure of financial instruments measured at fair value to be categorised according to a hierarchy of valuation techniques, whether the inputs used are observable or unobservable. The following level of hierarchy are used for determining and disclosing the fair value of the financial instruments:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Group and the Bank recognise transfers between levels of the fair value hierarchy at the end of the reporting period during which the transfer has occurred. The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

(i) Financial instruments in Level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the statements of financial position date. A market is regarded as active if quoted prices are readily and regularly available from an exchange and those prices represent actual and regularly occurring market transactions on an arm's length basis. This includes listed equities and corporate debt securities which are actively traded.

(ii) Financial instruments in Level 2

Where fair value is determined using quoted prices in less active markets or quoted prices for similar assets and liabilities, such instruments are generally classified as Level 2. In cases where quoted prices are generally not available, the Group and the Bank then determine fair value based upon valuation techniques that use as inputs, market parameters including but not limited to yield curves, volatilities and foreign exchange rates. The majority of valuation techniques employ only observable market data and so reliability of the fair value measurement is high. These would include government securities, corporate private debt securities, corporate notes and most of the Group's and the Bank's derivatives.

(iii) Financial instruments in Level 3

The Group and the Bank classify financial instruments as Level 3 when there is reliance on unobservable inputs to the valuation model attributing to a significant contribution to the instrument value. Valuation reserves or pricing adjustments where applicable will be used to converge to fair value.

The valuation techniques and inputs used generally depend on the contractual terms and the risks inherent in the instrument as well as the availability of pricing information in the market. Principal techniques used include net tangible assets, net asset value, discounted cash flows, and other appropriate valuation models. These includes private equity investments.

A33 Fair Value Measurements (Contd.)

(b) Financial instruments measured at fair value and the fair value hierarchy

The following tables show the Group's and the Bank's financial instruments which are measured at fair value at the reporting date analysed by the various levels within the fair value hierarchy:

<u>GROUP</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
31 December 2020	RM'000	RM'000	RM'000	RM'000
<u>Assets</u>				
Financial assets at fair value through profit or loss				
- Money market instruments	-	63,091	-	63,091
- Unquoted securities	-	-	225,104	225,104
Financial investments at fair value through other comprehensive income				
- Money market instruments	-	5,165,744	-	5,165,744
- Quoted securities in Malaysia	14	-	-	14
- Unquoted securities	-	4,992,835	-	4,992,835
Derivative financial assets	-	274,851	-	274,851
<u>Liabilities</u>				
Financial liabilities designated at fair value through profit or loss				
Derivative financial liabilities	-	425,455	-	425,455
Derivative financial liabilities	-	285,302	-	285,302
<u>BANK</u>				
31 December 2020	RM'000	RM'000	RM'000	RM'000
<u>Assets</u>				
Financial assets at fair value through profit or loss				
- Money market instruments	-	63,091	-	63,091
- Unquoted securities	-	-	154,910	154,910
Financial investments at fair value through other comprehensive income				
- Money market instruments	-	3,795,795	-	3,795,795
- Quoted securities in Malaysia	14	-	-	14
- Unquoted securities	-	3,099,117	-	3,099,117
Derivative financial assets	-	274,851	-	274,851
<u>Liabilities</u>				
Financial liabilities designated at fair value through profit or loss				
Derivative financial liabilities	-	425,455	-	425,455
Derivative financial liabilities	-	285,302	-	285,302

A33 Fair Value Measurements (Contd.)

(b) Financial instruments measured at fair value and the fair value hierarchy (contd.)

The following tables show the Group's and the Bank's financial instruments which are measured at fair value at the reporting date analysed by the various levels within the fair value hierarchy (contd.):

<u>GROUP</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
31 March 2020	RM'000	RM'000	RM'000	RM'000
<u>Assets</u>				
Financial assets at fair value through profit or loss				
- Money market instruments	-	437,929	-	437,929
- Unquoted securities	-	10,025	202,160	212,185
Financial investments at fair value through other comprehensive income				
- Money market instruments	-	6,476,810	-	6,476,810
- Quoted securities in Malaysia	5	-	-	5
- Unquoted securities	-	5,067,692	-	5,067,692
Derivative financial assets	-	436,910	-	436,910
<u>Liabilities</u>				
Financial liabilities designated at fair value through profit or loss				
	-	427,085	-	427,085
Derivative financial liabilities	-	348,877	-	348,877
<u>BANK</u>				
31 March 2020	RM'000	RM'000	RM'000	RM'000
<u>Assets</u>				
Financial assets at fair value through profit or loss				
- Money market instruments	-	437,929	-	437,929
- Unquoted securities	-	10,025	137,768	147,793
Financial investments at fair value through other comprehensive income				
- Money market instruments	-	5,403,416	-	5,403,416
- Quoted securities in Malaysia	5	-	-	5
- Unquoted securities	-	3,023,357	-	3,023,357
Derivative financial assets	-	436,910	-	436,910
<u>Liabilities</u>				
Financial liabilities designated at fair value through profit or loss				
	-	427,085	-	427,085
Derivative financial liabilities	-	348,877	-	348,877

A33 Fair Value Measurements (Contd.)

(b) Financial instruments measured at fair value and the fair value hierarchy (contd.)

Reconciliation of movements in Level 3 financial instruments:

	GROUP		BANK	
	31 December 2020 RM'000	31 March 2020 RM'000	31 December 2020 RM'000	31 March 2020 RM'000
At beginning of financial period/year	202,160	187,517	137,768	126,733
Partial distribution on liquidating shares	-	(106)	-	(106)
Total gain recognised in:				
- Statement of income				
(i) Revaluation gain from financial assets at fair value through profit or loss	22,944	14,749	17,142	11,141
At end of financial period/year	225,104	202,160	154,910	137,768

The Group's and the Bank's exposure to financial instruments measured using unobservable inputs (level 3) constitutes a small component of the Group's and the Bank's portfolio of financial instruments. Changing one or more of the inputs to reasonable alternative assumptions would not change the value significantly for level 3 financial instruments.

A34 Offsetting Financial Assets And Financial Liabilities

In accordance with MFRS 132 Financial Instruments: Presentation, the Group and the Bank report financial assets and financial liabilities on a net basis on the statement of financial position, only if there is a legally enforceable right to set off the recognised amounts and there is intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. The following table shows the impact of netting arrangements on:

- (i) all financial assets and liabilities that are reported net on the statement of financial position; and
- (ii) all financial assets and liabilities that are subject to enforceable master netting arrangements or similar agreements, but do not qualify for statement of financial position netting.

(a) Financial assets

	Gross amounts of recognised financial liabilities set off in the statement of financial position RM'000	Net amounts of financial assets presented in the statement of financial position RM'000	Related amounts not set off in the statement of financial position		Net Amount RM'000	
	Gross amounts of recognised financial assets RM'000	off in the statement of financial position RM'000	of financial position RM'000	Financial Instruments RM'000	Cash collateral received RM'000	Net Amount RM'000
GROUP						
31 December 2020						
Derivative financial assets	274,851	-	274,851	(102,959)	(82,030)	89,862
Amounts due from clients and brokers	159,205	(69,764)	89,441	-	-	89,441
	<u>434,056</u>	<u>(69,764)</u>	<u>364,292</u>	<u>(102,959)</u>	<u>(82,030)</u>	<u>179,303</u>
BANK						
31 December 2020						
Derivative financial assets	274,851	-	274,851	(102,959)	(82,030)	89,862
GROUP						
31 March 2020						
Derivative financial assets	436,910	-	436,910	(105,271)	(82,765)	248,874
Amounts due from clients and brokers	84,014	(32,849)	51,165	-	-	51,165
Total	<u>520,924</u>	<u>(32,849)</u>	<u>488,075</u>	<u>(105,271)</u>	<u>(82,765)</u>	<u>300,039</u>
BANK						
31 March 2020						
Derivative financial assets	436,910	-	436,910	(105,271)	(82,765)	248,874

A34 Offsetting Financial Assets And Financial Liabilities (Contd.)

(b) Financial liabilities

	Gross amounts of recognised financial assets set off in the statement of financial position RM'000	Gross amounts of recognised financial liabilities position RM'000	Net amounts of financial liabilities presented in the statement of financial position RM'000	Related amounts not set off in the statement of financial position Financial Instruments RM'000	Cash collateral pledged RM'000	Net Amount RM'000
<u>GROUP</u>						
31 December 2020						
Derivative financial liabilities	285,302	-	285,302	(102,959)	(36,759)	145,584
Amounts due to clients and brokers	109,127	(69,764)	39,363	-	-	39,363
Total	<u>394,429</u>	<u>(69,764)</u>	<u>324,665</u>	<u>(102,959)</u>	<u>(36,759)</u>	<u>184,947</u>
<u>BANK</u>						
31 December 2020						
Derivative financial liabilities	<u>285,302</u>	<u>-</u>	<u>285,302</u>	<u>(102,959)</u>	<u>(36,759)</u>	<u>145,584</u>
<u>GROUP</u>						
31 March 2020						
Derivative financial liabilities	348,877	-	348,877	(105,271)	(136,766)	106,840
Amounts due to clients and brokers	55,141	(32,849)	22,292	-	-	22,292
Total	<u>404,018</u>	<u>(32,849)</u>	<u>371,169</u>	<u>(105,271)</u>	<u>(136,766)</u>	<u>129,132</u>
<u>BANK</u>						
31 March 2020						
Derivative financial liabilities	<u>348,877</u>	<u>-</u>	<u>348,877</u>	<u>(105,271)</u>	<u>(136,766)</u>	<u>106,840</u>

For the financial assets and liabilities subject to enforceable master netting arrangements or similar arrangements, each agreement between the Group and the Bank and the counterparty allows for net settlement of the relevant financial assets and liabilities when both elect to settle on a net basis. In the absence of such an election, financial assets and liabilities will be settled on a gross basis, however, each party to the master netting agreement or similar agreement will have the option to settle all such amounts on a net basis in the event of default of the other party.

PART B - Explanatory Notes Pursuant To Appendix 9B Of Bursa Securities' Listing Requirements

B1 Financial Review for Financial Quarter and Financial Period to Date

GROUP

	3rd Quarter Ended 31 December 2020 RM'000	3rd Quarter Ended 31 December 2019 RM'000	Changes %
Net income/revenue	475,699	422,467	12.6
Operating profit before allowance	284,520	213,139	33.5
Operating profit after allowance	133,991	181,631	(26.2)
Profit before taxation	134,011	181,666	(26.2)
Profit after taxation	100,457	133,997	(25.0)
Profit attributable to ordinary equity holders of the Bank	100,457	133,997	(25.0)
	Nine Months Ended 31 December 2020 RM'000	Nine Months Ended 31 December 2019 RM'000	Changes %
Net income/revenue	1,371,753	1,254,911	9.3
Operating profit before allowance	803,230	653,304	22.9
Operating profit after allowance	406,690	437,369	(7.0)
Profit before taxation	406,763	437,453	(7.0)
Profit after taxation	308,713	326,206	(5.4)
Profit attributable to ordinary equity holders of the Bank	308,713	326,206	(5.4)
	3rd Quarter Ended 31 December 2020 RM'000	2nd Quarter Ended 30 September 2020 RM'000	Changes %
Net income/revenue	475,699	474,446	0.3
Operating profit before allowance	284,520	283,851	0.2
Operating profit after allowance	133,991	132,933	0.8
Profit before taxation	134,011	132,964	0.8
Profit after taxation	100,457	103,944	(3.4)
Profit attributable to ordinary equity holders of the Bank	100,457	103,944	(3.4)

B1 Financial Review for Financial Quarter and Financial Period to Date (Contd.)

BANK

	3rd Quarter Ended 31 December 2020 RM'000	3rd Quarter Ended 31 December 2019 RM'000	Changes %
Net income/revenue	580,229	337,145	72.1
Operating profit before allowance	430,675	174,847	146.3
Operating profit after allowance	352,882	157,118	124.6
Profit before taxation	352,882	157,118	124.6
Profit after taxation	321,500	120,675	166.4
Profit attributable to ordinary equity holders of the Bank	321,500	120,675	166.4
	Nine Months Ended 31 December 2020 RM'000	Nine Months Ended 31 December 2019 RM'000	Changes %
Net income/revenue	1,251,029	990,319	26.3
Operating profit before allowance	809,592	524,959	54.2
Operating profit after allowance	568,869	392,754	44.8
Profit before taxation	568,869	392,754	44.8
Profit after taxation	488,263	305,026	60.1
Profit attributable to ordinary equity holders of the Bank	488,263	305,026	60.1
	3rd Quarter Ended 31 December 2020 RM'000	2nd Quarter Ended 30 September 2020 RM'000	Changes %
Net income/revenue	580,229	360,314	61.0
Operating profit before allowance	430,675	210,281	104.8
Operating profit after allowance	352,882	108,456	225.4
Profit before taxation	352,882	108,456	225.4
Profit after taxation	321,500	86,581	271.3
Profit attributable to ordinary equity holders of the Bank	321,500	86,581	271.3

B2 Review Of Performance

Review of Performance for the Third Quarter Ended 31 December 2020

Profitability

The Group recorded net profit after taxation of RM308.7 million for the nine months ended 31 December 2020, RM17.5 million or 5.4% lower year-on-year (“YOY”). The lower profits were largely due to higher credit cost.

Net income improved by RM116.8 million or 9.3% YOY. Net interest margin (“NIM”) came in lower at 2.23%, mainly due to Overnight Policy Rate (“OPR”) cuts of 20 bps.

Loans declined marginally

Gross loans and advances stood at RM43.2 billion. Gross loans declined 0.8% YOY due to contraction of 7.4% in commercial and corporate segments mainly due to several large repayments. However, the Group continue to focus on loan from Small and Medium Enterprise (“SME”) and consumer segments. It has tightened its credit underwriting policy to strengthen quality in the face of COVID-19 pandemic related risks. As a result, there was a modest 1.5% growth in our core segments of SME and consumer segments. SME loans expanded by 3.8% YOY, mainly from the loans disbursed under Credit Guarantee Corporation (CGC) Programmes and Bank Negara Malaysia Special Relief Funds (SRF) while consumer loans rose by 0.4%.

Other Operating Income continues to improve

The Group recorded other operating income of RM369.1 million, higher by RM97.3 million or 35.8% YOY despite the challenging external environment. The growth came from higher treasury and investment income helped by an increase in bond prices, as well as brokerage and wealth management income.

Managing Operating Expenses

Operating expenses decreased by 5.5% or RM33.1 million mainly due to our cost-saving initiatives in managing discretionary expenses and moderating compensation costs. The cost to income ratio (“CIR”) decreased by 6.5% to 41.4%. The Group will continue to focus on cost-saving efforts as it navigates through the COVID-19 pandemic.

Asset Quality

The Group's allowance for expected credit losses on loans, advances, financing and other debts increased by RM184.3 million or 86.8% to RM396.5 million as compared to the corresponding nine-month financial period ended 31 December 2019. Included in the allowance for expected credit losses on loans, advances, financing and other debts, the Group has built up reserves via management overlays amounting to RM223.6 million in anticipation of the COVID-19 economic impact. As a result, the Group recorded a net credit cost of 91.3 bps.

We continue to enhance our credit risk framework in each line of business by stratifying customers according to risk levels, and prioritising customer calls or visits. We have also provided Payment Relief Assistance programmes to help borrowers while managing the Group's credit risk. In addition, the Group continues to help its customers through a 3 months extended moratorium for those who have lost their source of income.

The Group will continue to improve its control of credit cost by refining credit policies, tightening credit underwriting and increasing collections efforts. Loan loss coverage (including Regulatory Reserve) was at 101.1%.

B2 Review Of Performance (Contd.)

Review of Performance for the Third Quarter Ended 31 December 2020 (Contd.)

Healthy Funding and Liquidity Position

The Group's customer-based funding stood at RM46.7 billion. The Group was able to maintain a high Current Account/Savings Account ("CASA") ratio of 44.6%, driven by Alliance SavePlus and Alliance@Work. Going forward, we will continue to grow CASA through Alliance SavePlus and garner CASA balances from businesses and their employees under the Alliance@Work channel.

The Group's liquidity coverage and loans to funds ratios stand at 153.0% and 86.1% respectively. The Group will continue to maintain ample liquidity ratios, and ensure sufficient liquidity buffer to mitigate any payment shock risk resulting from the uncertainties caused by COVID-19.

Prioritising Capital Conservation

The Group will continue to prioritise capital conservation in order to support future business expansion, given the uncertainties caused by COVID-19. Including the adoption of Transitional Arrangements for Regulatory Capital Treatment of Accounting Provisions by Bank Negara Malaysia, we continue to maintain strong capital levels, with Common Equity Tier-1 ("CET 1") ratio at 16.3%, Tier-1 Capital ratio at 17.3% and total capital ratio at 21.7%, an improvement of 1%.

Performance by business segment:

The Group's business segments comprise Consumer Banking, Business Banking, Financial Markets and Investment Banking. Please refer to Note A31 on Segment Information for the composition of each business segment.

The Consumer Banking segment recorded a loss before tax of RM107.0 million YOY due to the built up of allowances for expected credit losses related to the economic impact of COVID-19 on our more vulnerable customers. Net income was higher by RM4.9 million or 1.1%. Net interest income increased by RM6.6 million. Operating expenses decreased by RM10.5 million or 3.7%. Allowances for expected credit losses were higher by RM150.7 million largely due to management overlays amounting to RM177.6 million. The segment assets stood at RM21.3 billion.

The Business Banking segment, comprising corporate, commercial and SME banking, recorded a profit before tax of RM226.4 million, which was 6.3% lower than the previous corresponding period. Net income increased by RM5.8 million or 1.1% YOY mainly due to higher interest income. Operating expenses decreased by RM12.7 million or 5.5%. Allowances for expected credit losses were higher by RM33.6 million. Segment assets registered a growth of RM1.4 billion or 6.3%.

Profit before tax in the Financial Markets segment increased by 48.7% or RM90.9 million YOY to RM277.5 million. Net income was higher by RM84.6 million or 36.9% YOY due to gains from the bond portfolio. Operating expenses decreased by RM6.4 million or 15.0% YOY. Segment assets recorded a growth of RM0.7 billion to RM13.8 billion.

The Investment Banking segment recorded a profit before tax of RM14.5 million due to higher brokerage income and lower operating expenses.

B2 Review Of Performance (Contd.)

Current Quarter vs Previous Year Corresponding Quarter

The Group's profit after taxation of RM100.5 million for the quarter was 25.0% or RM33.5 million lower compared to the previous corresponding quarter, mainly due to higher credit cost.

Key Quarter-on-Quarter Performance Highlights

- Net income was higher by RM53.2 million or 12.6% mainly due to higher net interest income, treasury and investment income, brokerage income and wealth management income.
- NIM decreased by 10 bps to 2.26% mainly due to impact of OPR cuts (-15 bps)
- Other operating income increased RM46.6 million or 50.1%.
- Operating expenses were lower by RM18.1 million or 8.7% from all lines of expenses.
- Net credit cost was 35.0 bps

B3 Comparison with Immediate Preceding Quarter

As compared to the immediate preceding quarter, the Group's profit after taxation of RM100.5 million for the quarter was lower by 3.4% or RM3.5 million.

Key Quarter-on-Quarter Performance Highlights

- Net income was higher by RM1.3 million or 0.3% mainly due to higher other operating income.
- NIM increased by 3 bps to 2.26%
- Other operating income increased by RM4.5 million or 3.4%
- Operating expenses increased slightly by RM0.6 million or 0.3% mainly from marketing cost.
- Net credit cost was 35.0 bps

B4 Prospect for the Current Financial Period

The challenging economic environment for 2020 and the impact of the COVID-19 pandemic on the Malaysian economy will lead to slower overall financing growth and increased credit cost for the Group. The Group's net interest margin was also compressed due to lower OPR. Amid these challenges, the Group remains focused on two strategic priorities for FY2021: COVID-19 management and the acceleration of its digitization strategy.

- COVID-19 Management

As at 31 December 2020, we have granted about RM6.0 billion of Payment Relief Assistance, of which 39% are 3 months extended moratoria and 61% are reduced monthly repayment programme. We will continue to grant Payment Relief Assistance as required by our customers' circumstances.

At the same time, we have intensified our engagement with our customers using all available channels, including the newly launched 2-way Whatsapp channel.

In addition, we are also providing non-financial assistance to our business customers via various portals to help promote their products and services to the public.

- Digitization

We stepped up digitization innovation to enable faster, simpler and more responsive interactions with customers. We launched our BizSmart® Mobile App in June 2020 to enable business owners to conveniently approve transactions on-the-go. The new mobile app provides the convenience of account management, payments, and collections.

We are also first among the Malaysian banks to launch a mobile trade financing solution. Our Alliance BizSmart® eTrade enables business owners to submit Banker's Acceptances or Trust Receipts electronically via the BizSmart® Mobile app. It now represents a quarter of all monthly transactions.

In November 2020, we launched our e-KYC solution which enables individuals to open a savings account instantly, or apply for a personal loan entirely remotely. We have also launched our Digital SME Loan which provides a simple, convenient, and paperless solution for businesses to apply for financing.

- Keeping the Bank Safe

The COVID-19 pandemic and its economic consequences will result in a broad range of possible macroeconomic outcomes, and in an unusual level of uncertainty for repayments cash flows.

Hence, in managing the Group's credit risk, we will continue to remain vigilant in managing our credit portfolios and conservative in our provisioning practices. We have also strengthened our origination policies, implemented portfolio management measures (e.g. detailed risk stratification) and increased resourcing of our collections teams appropriately. In managing its liquidity risk, the Group continues to maintain ample liquidity coverage and financing to funds ratios, and we are ensuring cash levels at our branches and self-service terminals remain ample at all times.

The current operating environment will continue to be challenging. However, we are committed to continue to strengthen our presence. At the same time, to deal with the significant challenges posed by the COVID-19 crisis, we will apply prudent management practices to deliver sustainable returns to our stakeholders.

B5 Profit Forecast

There was no profit forecast issued by the Group and the Bank.

B6 Taxation

	3rd Quarter Ended		Nine Months Ended	
	31 December 2020 RM'000	31 December 2019 RM'000	31 December 2020 RM'000	31 December 2019 RM'000
GROUP				
- Income tax	70,914	56,837	78,456	112,147
- Deferred tax	(36,839)	(8,995)	19,761	(549)
- Real property gain tax	-	183	-	183
- Over provision for taxation in prior financial period	(521)	(356)	(167)	(534)
	33,554	47,669	98,050	111,247

	3rd Quarter Ended		Nine Months Ended	
	31 December 2020 RM'000	31 December 2019 RM'000	31 December 2020 RM'000	31 December 2019 RM'000
BANK				
- Income tax	62,023	41,967	62,023	82,934
- Deferred tax	(31,015)	(5,155)	17,942	4,850
- Real property gain tax	-	183	-	183
- Under/(over) provision for taxation in prior financial period	374	(552)	641	(239)
	31,382	36,443	80,606	87,728

The Group's effective tax rate for the third financial quarter and nine months ended 31 December 2020 was higher than the current statutory tax rate of 24% due to certain expenses being disallowed for tax purpose.

B7 Profit/(Loss) on Sale of Unquoted Investments or Properties

There was no material profit/(loss) on sale of unquoted investments or properties for the third financial quarter and nine months ended 31 December 2020 other than in the ordinary course of business.

B8 Purchase and Disposal of Quoted Securities

There was no purchase or disposal of quoted securities for the third financial quarter and nine months ended 31 December 2020 other than Investments held by the Group and the Bank whose activities are regulated by law relating to banking companies and are subject to supervision by Bank Negara Malaysia ("BNM").

B9 Status of Corporate Proposals

There was no corporate proposal announced but not completed as at financial report date.

B10 Deposits from Customers, Deposits and Placements of Banks and Other Financial Institutions and Debts Securities

	<u>GROUP</u>		<u>BANK</u>	
	31 December 2020 RM'000	31 March 2020 RM'000	31 December 2020 RM'000	31 March 2020 RM'000
(a) Deposits from customers				
Fixed deposits, negotiable instruments of deposits and money market deposits:				
- One year or less (short term)	24,958,840	29,562,412	18,924,191	22,134,580
- More than one year (medium/long term)	587,555	732,304	122,043	172,548
	25,546,395	30,294,716	19,046,234	22,307,128
Others	20,534,620	18,131,136	15,361,413	14,395,861
	46,081,015	48,425,852	34,407,647	36,702,989
(b) Deposits and placements of banks and other financial institutions				
- One year or less (short term)	631,248	1,235,071	177,636	576,985
- More than one year (medium/long term)	672,734	308,575	542,811	156,579
	1,303,982	1,543,646	720,447	733,564
(c) Subordinated obligations				
Tier II Subordinated Medium Term Notes (unsecured)				
- One year or less (short term)	-	1,226,681	-	1,226,571
- More than one year (medium/long term)	1,207,332	-	1,206,780	-
Additional Tier 1 Capital Securities (unsecured)				
- More than one year (medium/long term)	354,652	293,956	252,928	253,683
	1,561,984	1,520,637	1,459,708	1,480,254

B11 Derivative Financial Assets/(Liabilities)

Derivative financial instruments measured at fair values together with their corresponding contract/notional amounts:

GROUP/BANK	As at 31 December 2020			As at 31 March 2020		
	Principal RM'000	Fair value		Principal RM'000	Fair value	
		Assets RM'000	Liabilities RM'000		Assets RM'000	Liabilities RM'000
Foreign exchange and commodity contracts						
Currency forwards						
- one year or less	2,701,278	4,739	(87,686)	2,428,377	65,254	(14,980)
- over one year to three years	381,772	-	(18,506)	332,529	11,435	(884)
- over three years	277,138	-	(14,236)	186,439	3,106	(304)
Currency swaps						
- one year or less	5,948,313	82,743	(22,647)	9,848,691	129,672	(111,432)
- over one year to three years	273,718	10,789	-	271,577	-	(7,705)
- over three years	329,353	18,531	-	129,323	-	(2,282)
Currency spots						
- one year or less	160,774	371	(760)	40,337	146	(102)
Currency options						
- one year or less	114,372	225	(68)	153,262	302	(131)
- over one year to three years	-	-	-	17,243	-	(261)
	10,186,718	117,398	(143,903)	13,407,778	209,915	(138,081)
Interest rate derivatives						
Interest rate swap						
- one year or less	7,561,855	103,346	(64,876)	9,123,080	102,793	(62,213)
- over one year to three years	1,843,586	8,784	(6,450)	3,505,421	7,073	(5,117)
- over three years	4,167,489	68,326	(46,786)	3,386,675	45,023	(28,965)
	1,550,780	26,236	(11,640)	2,230,984	50,697	(28,131)
Equity related derivatives						
- one year or less	514,107	48,616	(64,585)	533,770	91,660	(114,219)
- over one year to three years	191,583	5,491	(11,938)	273,868	32,542	(32,542)
- over three years	-	-	-	145,300	-	(1,822)
Total derivatives assets/(liabilities)	18,454,263	274,851	(285,302)	23,483,796	436,910	(348,877)

(i) The Group's and the Bank's derivative are subject to credit risk, market risk and liquidity risk as follow:

Credit Risk

Credit risk is the risk of financial loss resulting from the failure of the counterparties to fulfil their contractual obligations to settle commitments. Exposure to credit risk may be categorised as primary or secondary. This exposure is monitored on an on-going basis against predetermined counterparty limits. As at 31 December 2020, the amount of credit risk in the Group and the Bank, measured in terms of the cost to replace the profitable contracts, was RM274,851,000 (31 March 2020: RM436,910,000). This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices.

B11 Derivative Financial Assets/(Liabilities) (Contd.)

- (i) The Group's and the Bank's derivative are subject to credit risk, market risk and liquidity risk as follow: (contd.)

Market Risk

Market Risk is the risk of loss of earnings arising from changes in interest rates, foreign exchange rates, equity prices, commodity prices and in their implied volatilities.

The Group has established a framework of approved risk policies, measurement methodologies and risk limits as approved by the Group Risk Management Committee to manage market risk. Market risk arising from the trading activities is controlled via position limits, sensitivity limits and regular revaluation of positions versus market prices, where available.

Liquidity Risk

Liquidity risk is the inability of the Group to meet financial commitment when due.

The Group's liquidity risk profile is managed using liquidity risk management strategies set in Liquidity Risk Management Policy. Liquidity Risk Measures are monitored against approved threshold by Group Assets and Liabilities Management Committee and Group Risk Management Committee. A contingency funding plan is also established by the Group as a forward-looking measure to ensure that liquidity risk can be addressed according to the degrees of key risk indicators, and which incorporates alternative funding strategies which are ready to be implemented on a timely basis to mitigate the impact of unforeseen adverse changes in liquidity in the market place.

- (ii) Cash Requirements of the Derivatives

Cash requirements of the derivatives may arise from margin requirements to post cash collateral with counterparties as the fair value moves beyond the agreed upon threshold limits in the counterparties' favour, or upon downgrade in the Group's and the Bank's credit ratings. As at 31 December 2020, the Group and the Bank had posted cash collateral of RM36,758,000 (31 March 2020: RM137,766,000) on their derivative contracts.

- (iii) Related accounting policies

Derivative financial instruments are initially recognised at fair value, which is normally zero or negligible at inception except for options and subsequently re-measured at their fair value. The fair value of options at inception is normally equivalent to the premium received (for options written) or paid (for options purchased). All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative. Changes in the fair value are recognised in the statement of comprehensive income.

Interest income and expenses associated with interest rate swaps are recognised over the life of the swap agreement as a component of interest income or interest expense.

- (iv) There have been no changes since the end of the previous financial year in respect of the following:

- (a) the types of derivative financial contracts entered into and the rationale for entering into such contracts, as well as the expected benefits accruing from these contracts;
- (b) the risk management policies in place for mitigating and controlling the risks associated with these financial derivative contracts; and
- (c) the related accounting policies.

The credit risk, market risk and liquidity risk associated with the derivatives and the policies in place for mitigating or controlling the risks with these derivatives are consistent with those adopted in the most recent audited annual financial statements for the financial year ended 31 March 2020.

B12 Changes in Material Litigation

The Group and the Bank do not have any material litigation which would materially and adversely affect the financial position of the Group and the Bank for the third financial quarter and nine months ended 31 December 2020.

B13 Dividend Declared

The Directors do not recommend any interim dividend during the third financial quarter and nine months ended 31 December 2020.

B14 Earnings Per Share

(a) Basic

Basic earnings per share is calculated by dividing profit for the period attributable to Equity holders of the Bank by the weighted average number of ordinary shares in issue during the financial period.

	3rd Quarter Ended		Nine Months Ended	
	31 December	31 December	31 December	31 December
	2020	2019	2020	2019
<u>GROUP</u>				
Net profit for the financial period attributable to Equity holders of the Bank (RM'000)	100,457	133,997	308,713	326,206
Weighted average numbers of ordinary shares in issue ('000)	1,548,106	1,548,106	1,548,106	1,548,106
Basic earnings per share (sen)	6.5	8.7	19.9	21.1

	3rd Quarter Ended		Nine Months Ended	
	31 December	31 December	31 December	31 December
	2020	2019	2020	2019
<u>BANK</u>				
Net profit for the financial period attributable to Equity holders of the Bank (RM'000)	321,500	120,675	488,263	305,026
Weighted average numbers of ordinary shares in issue ('000)	1,548,106	1,548,106	1,548,106	1,548,106
Basic earnings per share (sen)	20.8	7.8	31.5	19.7

ALLIANCE BANK MALAYSIA BERHAD

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(Incorporated in Malaysia)

B14 Earnings Per Share (Contd.)

(b) Diluted

For the purpose of calculating diluted earnings per share, the profit for the period attributable to Equity holders of the Bank and the weighted average number of ordinary shares in issue during the financial period have been adjusted for the dilutive effects of all potential ordinary shares, (non-cumulative).

There were no dilutive potential ordinary shares outstanding as at 31 December 2020 and 31 December 2019 respectively. As a result, the dilutive earnings per share equal to basic earnings per share for financial period ended 31 December 2020 and 31 December 2019.

By Order of the Board

LEE WEI YEN (MAICSA 7001798)

Group Company Secretary

Kuala Lumpur

26 February 2021